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ABSTRACT

An increased interest in the position of women, stimulated by increasing numbers of women in the labor force as well as the women's movement, has resulted in a reexamination of women's status under social security programs in many countries. Five case studies (Belgium, Federal Republic of Germany, France, Great Britain, and United States), which were presented at a 1972 Vienna research conference on women and social security, sponsored by the International Social Security Association, have reflected a range of approaches, points of view, and corrective measures directed to this issue. Interest and concern has focused on women's equal treatment/nondiscrimination along with the adequacy of protections for women by the system as a whole. Aspects of benefit levels, family allowances, maternity insurance, old-age pensions, and survivors benefits are presented as well as the situations of widows, divorced women, and unmarried or deserted mothers. It is anticipated that further research and policy development will emerge as a result of this study. (EA)

Women and social security:

law and policy in five countries

by Dalmer Hoskins and Lenore E. Bixby

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Foreword

SPECIAL CONCERN with the treatment of women under social security has manifested itself in country after country in recent years. Stimulated, no doubt, by the women's movement as well as by increasing participation of women in the paid labor force, this new interest has moved in several directions. There is, on the one hand, a determination that women should have equal treatment or should not be clearly discriminated against in the structure of social security rights. In a social insurance program which is at the same time based on earnings-related eligibility and benefit status and a family security goal, it is not always easy to say what is and what is not discrimination. The case studies which follow illustrate a range of approaches, points of view, and corrective devices.

A second direction of interest and concern focuses on the adequacy of the protections afforded women by the social security system as a whole. Depending on the history and current characteristics of the programs in effect in a given country, the major concern may be the situation of widows, of divorced women, of unmarried or deserted mothers, or more generally of the benefit levels actually achieved by women workers or women as dependents or members of families. Attempts to assure adequate social security protection for women in particular have in some countries led to modifications in social insurance provisions, in others to improvements

in social assistance or the development of special types of income-tested or means-tested benefits.

A preliminary draft of the five case studies presented here was prepared for a research conference on women and social security. The conference, in Vienna, November 2–4, 1972, was convened by the International Social Security Association under the auspices of its Study Group in Social Security Research. We are grateful to representatives of the countries whose systems are described here for reviewing and verifying the accuracy of the reports.

Dalmer Hoskins, while a member of the Office of Research and Statistics staff, did much of the work on the studies of Belgium, the Federal Republic of Germany, France, and Great Britain. Under the direction of Christine Cockburn of the ISSA Documentation Research Service, Geneva, Mr. Hoskins completed the final drafts of these studies. Mrs. Lenore E. Bixby of the ORS staff prepared the case study on the United States. The information assembled here should be of interest to anyone who is concerned with the problem—or perhaps one should say the diverse problems—of women in relation to social security. While there is a common thread of concern, no definite patterns for solutions emerge from the experiences described here. It is hoped that the studies will open up suggested areas for further research and policy development.

IDA C. MERRIAM,
Assistant Commissioner for Research and Statistics.

JUNE 1972.

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Part I.—Belgium

ALTHOUGH BELGIUM'S social security provisions are very favorable for women in terms of the variety and amount of benefits, particularly in the case of widows, the contention is often heard that its regulations tend to reflect the traditional view of the woman as a dependent of her employed spouse. One aspect of the Belgian situation is the current concern with the legal definition of the head of the family (*chef de famille*) and what are felt to be the discriminatory results for the insured woman with regard to social security benefits.

It is in this area—the rights of the insured woman to equal social security benefits for herself and her dependents—that some of the more significant developments are occurring in Belgium. A major reform of the unemployment insurance system will end the distinction which has been made between male and female beneficiaries. Also, there have been several proposals to permit the insured woman to provide a survivor's benefit for her dependent husband, which is not possible under current regulations.

Other developments especially affecting the social security status of women include the trend toward the relaxation of qualifying conditions for women who temporarily interrupt their career for family reasons, and the government's proposal to reintroduce a special family allowance for the mother at home. Each of these

developments is discussed in the perspective of a brief survey of the treatment of women in the following branches: (1) Old-age and survivors' insurance, (2) unemployment insurance, (3) health insurance, and (4) family allowances.

Old-Age and Survivors' Insurance

The Belgian pension system is divided into two main programs—one for blue-collar workers, another for salaried employees. Although this description will be limited to the latter program, the provisions concerning the treatment of women as insured persons and as beneficiaries are very similar under both programs.

Old-age pensions are payable to women at age 60, and men at age 65. This retirement-age distinction has been widely criticized and defended with no apparent consensus even among working women. At a May 1971 seminar on social security and women sponsored by the Ministry of Social Welfare, some participants supported the raising of the retirement age for women to age 65 while others contended that the just solution would be to make age 60 the retirement age for both sexes.[1]

As a result of this distinction in the retirement age, the number of years of coverage necessary to acquire a full pension is 45 for men but only 40 for women. Since women generally have shorter work histories and lower wages than men, it is not surprising that their pensions are also usually lower. This disparity is reflected in the minimum benefit for women employees whose pensions started before 1962. In 1971, these women were paid a pension of 80,508 francs a year while the minimum bene-

[1] The proceedings of the seminar on "Women and Social Security" were published in *Revue Belge de Sécurité Sociale*, October 1971, No. 10, pp. 1118–1228.

fit for men was $1,888 (US$1 = 45 Belgian francs).[2]

The pension is granted at two different rates according to the family circumstances of the beneficiary:

(1) 75 percent of earnings up to a maximum for the male employee whose wife is neither employed nor receiving any retirement or invalidity pension in her own right (termed the "family-rate pension");

(2) 60 percent of earnings up to a maximum for a single male employee, whether unmarried, widowed, or divorced; or for the female employee, regardless of her marital status (termed the "single-person pension"); or for a married man whose wife is receiving a pension in her own right.

Receipt of an old-age pension is contingent on a retirement test which permits additional income from employment up to a prescribed limit. When both husband and wife qualify for a pension, each may receive the single-person pension, or the wife may give up her pension rights so that her husband can qualify for a pension at the family rate. An important point is that a woman cannot receive a pension at the family rate even if her husband is not employed and is, in fact, her dependent.

As mentioned earlier, the same rule holds true for the survivor's benefit. The wife of a male employee has the right to a survivor's pension equal to 80 percent of the family-rate pension which he had earned. The insured woman, however, cannot earn the right to a survivor's pension for her dependent spouse.

The Belgian provisions for the widow are relatively liberal regarding the age qualification. Any widow 45 years old can receive a survivor's pension, but this age

[2] For pensions calculated after 1962, a reform in the method of calculating benefits replaced the practice of granting a minimum pension, but there is no doubt that the levels of pension benefits continue to reflect the gap between male and female beneficiaries.

requirement is waived if a dependent child is in the household or if the widow is disabled. There is an additional condition that the widow must have been married to the insured for at least 1 year before his death. This requirement is waived when there is a child or if the insured's death was accidental. To receive a survivor's benefit, a widow must have her earnings submitted to the retirement test. Her rights are suspended upon remarriage; however, they can be reinstated in the case of divorce or death of the second husband.

The Belgian system also provides, under certain circumstances, for the payment of a lump-sum benefit, known as the adaptation indemnity, to the widow who cannot qualify for a survivor's pension. If, for example, the widow has not reached age 45 at the time of the insured's death, she is entitled to an adaptation indemnity equivalent to 1 year of the survivor's pension. If the widow was already receiving a survivor's benefit for at least 10 months but for some reason, such as remarriage, is no longer eligible, she receives an adaptation indemnity equal to 2 years of the widow's pension.

It is always difficult to evaluate the adequacy of survivors' benefits. This is particularly true for Belgium where a very complicated series of legislative changes have caused the method of calculating benefits to vary according to the age of the insured and the year of retirement. However, in their study on the evolution of Belgian social security benefits, Spitaels and Klaric estimated that the average widow's pension under the salaried employees' program in 1965 amounted to 27.5 percent of the average wage for the same year.[1] Spitaels and Klaric also pointed out that the growth rate of the widow's pension has significantly exceeded that for the family-rate and single-person pensions. This has also

[1] Guy Spitaels and Danilo Klaric, *Vingt ans de sécurité sociale*, Brussels, p. 195.

been verified in a study by the National Social Security Office showing that, in real terms (that is, at constant prices), the widow's pension increased by 126 percent between 1960 and 1970. This contrasted with an increase of only 41.44 percent for the family-rate pension and 69.72 percent for the single-person pension.[4] The faster rate of increase in the widow's pension is explained by liberalizations in the method of calculating the benefit and by steady augmentations in the level of the minimum benefit. This reflects a concerted policy extending over a number of years to give widows preferential treatment in the raising of social security benefits. A similar objective has been pursued for the orphans' allowances, which are paid not by the old-age and survivors program but by the family allowance fund.

Before concluding these remarks on the pension system, the treatment of the separated or divorced woman should be briefly mentioned. A woman aged 60 or over and separated from her husband has the right to half of his single-person pension if she is neither employed nor receiving a retirement or invalidity pension in her own right whether or not he is retired. The divorced woman is entitled to contribute voluntarily in order to insure her right to a pension; the final pension is calculated on the basis of the number of years of marriage and her own contributions. The divorced woman cannot, however, continue to take advantage of this option after remarriage.[5]

Besides the regular pension system, all Belgian citizens who have reached retirement age and who do not

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[4] "*La revalorisation des prestations de sécurité sociale au course de la période du 1er juillet 1960 au 1er juillet 1970*, *Revue Belge de Sécurité Sociale*, January 1972, No. 1, p. 80.

[5] It is interesting to note that the separated or divorced woman loses her pension rights if she has been denied maternal rights by the court, has been convicted of an attempt on her husband's life, or resides abroad.

possess adequate resources are entitled, since 1969, to receive a guaranteed minimum revenue. The right to receive the guaranteed revenue is not dependent on any contribution record; the benefits are financed entirely by the national treasury. As one would expect, women (especially single women) along with handicapped persons are heavily represented among those receiving the guaranteed minimum revenue.

With the guaranteed revenue benefit, the concept of the husband as presumed head of the family is again encountered. Since both spouses cannot receive a separate benefit, the married man is assumed to have a dependent wife; thus his benefit is higher than that for a single man or for a woman, regardless of her marital status. When it is the woman who is the recipient, there is no automatic assumption regarding dependents, and she must submit to a more rigorous means test to prove that other family members rely on her for support.

Unemployment Insurance

With the new system of unemployment benefits which became effective in November 1971, what may have been the most obvious case of the unequal treatment of women under the Belgian social security system has been corrected.

Under the old system, the amounts of the flat-rate unemployment benefits were based on six classifications of eligible persons. The employed woman, regardless of her marital status or family responsibilities, could not receive an unemployment benefit at the level of category I, since only an employed man with a dependent spouse was eligible to receive the highest benefit. A woman considered as head of the family fell within category II, along with employed men without dependents. Other

employed women over age 18 were included in category III.

To qualify as head of the family (this holds true under the new regulations as well), the woman must be living alone and responsible for raising children or be married to a man with a disability of 66 percent of working capacity. As in the other branches of Belgian social security, there are no special provisions concerning dependent coverage for the insured woman whose husband chooses to remain at home and carry out the household tasks.

After criticism by the trade unions and a negative court decision, a new system of unemployment benefits was decreed. The system of flat-rate payments remains provisionally in effect for persons who became unemployed before November 1971, but after that date benefits are related, regardless of sex, to the level of earnings. The unemployment benefit provides basically the same guarantee against loss of income as the cash sickness benefits under the health insurance program: Eligible workers receive 60 percent of their average daily wage, up to a maximum, for a period not more than 1 year. After 1 year, only those persons, including women, who qualify as heads of families will continue to receive a benefit at the rate of 60 percent. Those who do not qualify as family heads will have their benefits reduced to 40 percent, again with a ceiling. These payments may continue, if necessary, up to retirement age. In order to establish minimum benefits under the new system, the flat-rate payments have been retained for a transitional period to prevent a situation in which the beneficiary would receive a lower benefit than before the reform.

Although the reform has received the support of the trade unions and in particular the representatives of women's organizations, the change to an earnings-

related benefit is not a totally unmixed blessing for the unemployed woman. The end of one form of discrimination, which categorized the beneficiary according to sex, will not mean the end of another form of discrimination, which involves the earnings gap between male and female workers, often when performing the same work. This gap is, of course, reflected in the levels of unemployment benefits for men and women.

Health Insurance

The Belgian health insurance system is divided into two programs: Medical care benefits and cash sickness benefits. As one would expect, the coverage of the two programs differs in that the cash sickness benefits are awarded only to wage and salary earners.

Medical care benefits.—As under the pension system, the Belgian health insurance provisions are very favorable in the treatment of widows. Widows and orphans of insured workers, along with the disabled and pensioners, are entitled to health insurance coverage without payment of a contribution. This privilege can be denied, however, if their annual income exceeds a certain ceiling.

Widows and orphans, unlike employed persons, are exempt from fulfilling the qualifying period of 120 days of covered employment before medical care costs can be reimbursed. Another important advantage is that the rate of reimbursement, normally 75 percent of the fee schedule for insured persons and their dependents, is 100 percent for widows, as for orphans, pensioners, and the disabled.

The costs of these advantages to the health insurance program are financed at the rate of 95 percent from general revenues.

Cash sickness benefits.—Under the program paying cash sickness benefits, employed women are entitled, as

under unemployment insurance, to 60 percent of their earnings up to a ceiling. The rate falls to 40 percent, however, if the insured is unable to return to work within a year. A woman recognized as the head of the family and responsible for the support of her children and disabled husband may continue to receive the cash benefit at the rate of 60 percent of earnings.

Once again, however, the definition of head of the family is not the same for the insured woman as for the man. While the male head of the family is automatically assumed to be supporting his wife, whether or not she is employed, the woman must be able to prove that her husband is physically or mentally incapable of employment or that she and her children are no longer dependent on her husband for support.

The provisions for maternity benefits permit the insured woman to receive 60 percent of her earnings, up to a maximum, during a 14-week period. A recent decree (July 19, 1971) has, moreover, instituted a supplementary payment of 15 percent of earnings for the 30-day period immediately following the birth. The regulations concerning the type of work that a pregnant woman is permitted to perform are rather strict. If the employer is unable to offer the pregnant woman work which conforms to these regulations, the woman is treated in the same way as an invalidity beneficiary and is entitled to 60 percent of her earnings.

The most interesting development in the area of health insurance—one that has implications for other insurance branches as well—is the relaxation of the qualifying conditions for women who interrupt their careers for family reasons. According to a July 6, 1971 decree, a woman who stops working anytime during the 3-year period following the birth of a child and then becomes reemployed does not have to satisfy the 120-day qualifying period for medical care benefits. The

3-year period following the birth can be extended up to 6 years if the child is handicapped. The same decree provides for a 1-month reduction of the qualifying period, also 120 days, for cash sickness benefits.

Family Allowances

Family allowances in Belgium have experienced a long evolution and they now constitute, in terms of the variety and level of benefits, one of the most important branches of the Belgian social security system. Approximately 85 percent of the population under age 20 benefits in one form or another from family allowances. Whether family allowances are regarded primarily as the instrument of a pronatalist family policy or as merely a component of wages and salaries, there is no question that they have an important impact on the status of women in the Belgian social security system.

In theory, family allowances are paid to the mother. But in order to be eligible, she must either be employed herself or be dependent on her employed husband or another family member. There are, however, some exceptions to the rule that eligibility is acquired only through covered employment since widows, pensioners, and students are also eligible in respect of their children. Moreover, a law passed in 1971 sets up a special fund which pays family allowances for those children who for some reason are not covered by the regular program. The right to receive an allowance from the special fund is dependent on a means test. This new provision is expected to end the situation in which certain categories, such as the nonemployed unmarried mother and the deserted mother, were ineligible for family allowances.

According to the regulations for regular family allowances, the benefit amount varies proportionally with the number of days worked per month. If the insured male works on the average at least 24 days a

month (based on a 6-day week), he qualifies for a flat-rate benefit. The insured woman who acts as head of the family is given preferential treatment. She can qualify for the flat-rate benefit after only 80 hours of employment a month.

While family allowances in the other European countries covered in this study are paid from the second child, in Belgium payment begins with the first child. The monthly benefit in March 1972 was 660 francs for the first child, 1,146 for the second, and 1,604 for the third and each succeeding child. While in France there are two supplements according to the age of the child (at 10 years and 15 years), the Belgian program offers three supplementary benefits (from age 6 through 9, 148.50 francs; from age 10 through 13, 261.75 francs; and from age 14, 423.75 francs).

The family allowance program grants orphans' allowances at the regular rate, and at a special rate if the insured mother or father satisfied certain conditions concerning the length of coverage at the time of death and if the surviving parent does not remarry. The amount of the special orphan's allowance was 2,969 francs in March 1972. Beneficiary statistics show that a heavy majority of orphans receive the higher benefit. A rather striking difference in the Belgian legislation is that the insured father can claim an orphan's allowance for his child even though his deceased wife may never have been employed herself.

Another interesting feature is the special allowance given for the daughter, up to the age of 25, who remains at home to perform housekeeping functions. To qualify, the mother of the family must be either deceased, divorced, or judged physically or mentally incapable of carrying out the household duties, and there must be at least four children in the household, of whom three are benefiting from family allowances.

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A birth allowance is paid by the family allowance fund. But instead of being the same amount for each birth, as is often the case, the Belgian birth allowance is highest for the first birth and then drops for the second and third births (first birth, 10,132 francs; second birth, 6,988 francs; third and following births, 3,759 francs).

Since the beginning of 1972 the future orientation of the family allowance program, including the demographic objectives, has become an important social and political issue in Belgium. The immediate cause for discussion was a proposal by the present government to introduce a special allowance (sometimes referred to as the *allocation socio-pedagogique*) for mothers remaining at home with their children. The choice of terminology is important since supporters of the special allowance are eager to make a distinction between this allowance and the mother-at-home allowance (*allocation de la mere au foyer*), which was introduced in 1949 and later merged with the regular family allowances in 1957. Although the details of the government's proposals have not yet been finalized, the allowance would probably be granted only to the mother who has a household income below a certain limit and who remains at home to care for a child under 3 years of age.

The parallels with the situation in France are striking. Belgium is considering reintroducing an allowance very similar in intent to the French single-wage allowance just when France has succeeded in adopting a reform that will deny the single-wage allowance to at least a part of the population. Behind the Belgian government's proposal to grant a special allowance to mothers at home is the prediction that the family allowance fund will continue to accumulate a surplus of at least 1 billion francs a year. This surplus is explained in part by the increase in the covered population, particularly the

steady rise in the number of married women whose contributions are added to those already being paid by employers on behalf of their insured husbands. (Family allowances are financed by an employer's contribution of 10.50 percent of wages up to a ceiling.) The chief reason, however, is that the level of family allowance benefits has not kept pace with the rapid rise in earnings in recent years. The surplus has continued to mount despite the sharp drop in government subsidies to the family allowance fund and the reduction in the employer contribution rate from 10.75 percent to 10.50 percent in 1970.

The issue is, therefore, how to use these extra funds. There is considerable disagreement, even among the trade unions, over what categories—families with working mothers, families with mothers at home caring for children, or all families—should be the primary recipients of any new or increased family allowances. The General Federation of Belgian Workers (F.G.T.B.) has opposed the special allowance for mothers at home on the grounds that it discriminates against women who either must return to work after the birth of their children or prefer to do so. The F.G.T.B.'s argument is also that, even if working mothers could receive the allowance, the income ceiling would make the vast majority of families with two incomes ineligible. The General Federation has consistently urged that instead of the creation of a special allowance or across-the-board increases of existing family allowances, the extra funds should be directed toward the financing of social services, particularly day care facilities, for working mothers.

This proposal has not received the support of the Belgian Association of Liberal Trade Unions (C.G.S.L.B.), which adheres to the view that family allowances are intended to compensate for the expenses

of child raising and that all benefits should therefore be increased, as much as possible, to reflect rises in the cost of living. The position of the Association of Liberal Trade Unions is that the provision of day care facilities should be the responsibility of local government authorities, not of the family allowance fund.

On the other hand, the Confederation of Christian Trade Unions (C.S.C.) supports the government's proposal of a special allowance for mothers at home and, at the same time, demands the creation of child care facilities financed from the surplus in the family allowance fund.

As long as a surplus of any size exists, the debate over the proper course of the family allowance program is expected to continue. In the meantime, the Administrative Committee, which consists of government, trade union, and employer representatives, has reached a compromise on the use of the extra funds during 1972. Part of the funds will be used to finance an extra family allowance payment equal to one-half of a regular monthly benefit. In other words, instead of receiving 12 monthly payments as in the past, there will now be 12½ payments. The rest of the surplus will be used to finance day care and other family-oriented social facilities.

A Summary of the Issues

In concluding this country survey, it would be useful to reiterate some of the main themes which dominate discussion of the subject in Belgium. There is the issue just discussed of the family allowance program, which is, briefly stated, new or higher family allowances versus the provision of more social services, especially for working mothers.

Second, there is the question of what is seen by some critics as the inequitable treatment of contributions and benefits of insured women in relation to insured men.

A wife who is working, for example, is required to pay a contribution toward medical benefits from which she draws no direct advantages because she is covered by her husband's contribution in the same way as the dependent wife. To what extent there should be reciprocal rights is another issue much discussed: Should a dependent husband be able to draw a survivor's pension by virtue of his wife's contributions? Should a married couple's pension be payable on a wife's insurance and a husband be entitled to renounce his own pension rights if, in the case where her earnings had been higher than her husband's, the couple could have a higher income in retirement through her insurance.

Finally, there is considerable attention being given in Belgium to the problem of protecting the social security rights of the woman who temporarily leaves the labor force to care for her children. The new regulations in the health insurance branch eliminating the qualifying period for medical care benefits have been mentioned; a similar provision already exists in the unemployment branch. A comprehensive amendment was proposed in the Belgian Parliament during 1960 which would have guaranteed all social security rights, including the crediting of pension contributions, for the mothers who temporarily left employment. However, it seems that at this point the trend is toward adjustment of the regulations in each branch rather than the passage of any comprehensive "social security statute for women."

Part II.—Federal Republic of Germany

THERE HAS PROBABLY BEEN more discussion in West Germany, particularly at the official level, concerning the need to improve the status of women under the social security system than in any of the other countries surveyed in this report. The reform proposals chiefly concern what is considered by critics to be the disadvantageous position of women in the old-age and survivors' insurance program. Our discussion of the situation in West Germany will, therefore, concentrate on how women fare under the existing pension program and how they would benefit from the reform proposals, including the project of the current coalition government to provide independent pension insurance for the housewife and to credit insured women with a "baby year." Before dealing with the pension program, a brief description will be given of family allowances and the provisions for maternity benefits.

Family Allowances

The family allowance program in the Federal Republic of Germany has a relatively short legislative history (the present law dates from 1954). In terms of the level of expenditure, the program occupies a less important position in the social security system than, for example, in either Belgium or France.

The German legislation for family allowances does

not provide for any prenatal allowance, birth allowance, child-care allowance, or supplementary allowances according to the age of the child. Regular family allowances are paid beginning with the third child, or from the second child if the family income is below 1,250 DM a month. (US $1 equaled 3.18 DM in July 1972.) Larger families with three or more children automatically receive allowances beginning with the second child, since the test of resources is no longer applied.

Since 1964, family allowances have been financed entirely from the general revenues of the federal government, and the level of benefits has remained stationary except for one modification in favor of the third child in 1970. The amount for the second child is 25 DM a month; for the third and fourth child, 60 DM each; and for the fifth and subsequent children, 70 DM each. The accumulation of family allowance benefits with a retirement or survivor's pension is not permitted. This is explained by the fact that the pension program pays a supplement for each dependent child of pensioners plus an orphan's pension to the surviving spouse with children.

Obviously, family allowances in Germany are intended, as in other countries paying such allowances, to help offset the costs of raising children. The emphasis placed on the family allowance program to accomplish this objective is not, however, as great as in some other countries. In addition to the fact that it may be more difficult with general revenue financing for family allowance benefits to keep pace with the upward movement of wages and salaries, there is the viewpoint, which is often expressed in Germany, that the best way to help families with children is to help them achieve adequate earnings. Moreover, it is clear that Germany, at least in the postwar period, has not attempted to influence the

birth rate, either through family allowances or other programs.

There has, however, been considerable discussion in Germany in recent years concerning the need to achieve some reform of the family allowance program. Although the number of children receiving allowances has remained almost stationary since 1964, the composition of the beneficiaries has been steadily changing. The number of families with a second child receiving an allowance has diminished, chiefly because the increase in average earnings has reduced the number of families with incomes below the ceiling able to qualify for a benefit for a second child. Another criticism directed at the present program is that families with only one child are not eligible to receive a family allowance, a situation which has particularly unfortunate consequences for the divorced, deserted or unmarried mother with one child.

As one finds currently in Great Britain, the debate on the reform of the family allowance program has centered around the relative merits of granting larger tax exemptions to families with dependent children or paying higher family allowances. The debate in Germany has, for the present, ended in favor of higher family allowances with a severe cut in the amount of tax deductions permitted for dependent children.

The timetable for the German reform is for implementation by 1974. An allowance of 50 DM a month for the first child will be introduced, and the allowance for the second child will be increased from 25 to 70 DM a month and for the third and subsequent children from 70 to 90 DM.

In connection with the reform of the family allowance program, there has also been much discussion of the desirability and feasibility of introducing a mother's allowance (*Mutterseld*) to be paid during the first 3 years of a child's life if the mother remains at home to

care for the child. The arguments for and against the mother's allowance are much the same as those concerning similar allowances in France and Belgium. The proposal has not received official support since, in order to offer the mother a real choice between remaining at home and receiving the allowance or seeking employment, the cost of the benefit would be prohibitively high.

Maternity Insurance

Insured women, as well as the wives of insured men, are entitled to total coverage of the costs of maternity by the health insurance funds.

For the woman who is insured in her own right, her earnings are guaranteed at the rate of 100 percent for 6 weeks before and 8 weeks after the child's birth. The health insurance funds carry the cost of this cash maternity benefit up to a maximum, and then the employer is required to make up the difference between the benefit and the amount of the wage or salary of the insured. Although the financial participation of the federal government is very limited in the health insurance branch, the federal treasury pays a subsidy to the health insurance funds to help cover the costs of the cash maternity benefit.

The health insurance funds also pay a small birth allowance which amounts to 50 DM for the insured woman and 35 DM for the wife of an insured man.

Old-Age Pensions for Employed Women

Like Belgium, West Germany has separate pension programs for blue-collar workers and salaried employees. Since the two programs have similar regulations affecting women, this description will deal with the employees' program unless otherwise indicated.

Without going into the rather complex pension formula, one should keep in mind that the amount of the

retirement benefit in both pension programs depends directly on the length of insurance coverage and the level of earnings during the insured's working life. The earnings of the insured are adjusted each year by expressing the amount of earnings as a percentage of current average wages and salaries. These annual percentages are then averaged for the entire period of insurance coverage and applied to the formula, which employs an average of national wages and salaries for a 3-year period preceding the year in which the pension was claimed. The replacement rate aimed at is 60 percent of preretirement earnings after 40 years of insurance, that is, 1.5 percent of adjusted earnings for each year of insured coverage.

Since benefits directly reflect the level of earnings and length of coverage of the insured, there is no "bending" of the formula in favor of those with low earnings records. There is a maximum pension obtainable as a result of the contribution ceiling but no provision for a minimum pension. Persons with low earnings or employment records marked by several interruptions will therefore be entitled to only a low pension benefit, which, as will be seen, has important implications for many insured women.

The normal retirement age for both men and women is 65 with a minimum of 15 years of coverage. There is no retirement test, nor is there any retirement benefit supplement for a dependent spouse. However, a supplement is paid for dependent children which amounts to one-tenth of the 3-year national earnings average, which is also used in computing a retirement benefit. In 1971, the national earnings average for the preceding 3-year period was 914 DM. Thus, the child supplement was 91.4 DM a month for each child.

The treatment of the woman who is insured in her own right is basically the same as for the insured man, with two notable exceptions: (1) she can retire as early as age 60 and (2) the crediting of hypothetical pension contributions during certain periods of nonemployment is different for women than for men.

Since 1957, insured women have, by fulfilling certain conditions, been able to retire at age 60 rather than the normal retirement age of 65, an option not yet enjoyed by insured men except in cases of prolonged unemployment. To qualify for the early-retirement benefit, a woman must have at least 10 years of insured coverage during the last 20 years of employment and must give up full-time employment. The amount of the pension will be lower than if she had continued to work until age 65, but there is no penalty for early retirement as is sometimes the case in other national pension programs.[1]

The second exception regarding the treatment of insured women concerns periods when they are not required to make contributions but are credited with hypothetical contributions. The West German pension system has developed rather liberal regulations concerning these coverage periods of nonemployment (known as *Ersatzzeiten* and *Ausfallzeiten*) for all insured persons, including even certain periods spent in educational institutions and apprenticeships after age 16. Other periods of nonemployment which concern women are for unemployment, extended illness, and, of course, maternity. The major difference in the average benefits of insured women and men results from the use of earnings tables on which the hypothetical contributions are based. Reflecting the lower average earnings of women, the tables differ according to sex, with lower

[1] For example, in Belgium there is a 5-percent reduction in the pension benefit for each year, up to 5, preceding the normal retirement age of 60 for women and 65 for men.

contributions being credited to insured women than men. Given the significance of the individual earnings record in the German pension formula, this is an important difference in the treatment of insured men and women.

Other than these two exceptions, the pension regulations are the same for insured men and women, but this hardly means that women fare as well as men with regard to the level of pension benefits. In 1970, the average retirement pension for women—298.50DM a month—was considerably less than half the amount received by men. This difference is explained largely by (1) the shorter average length of insured coverage of women, and (2) the lower average earnings of insured women.

In Germany, the difference in the length of coverage is striking. In 1970 male retirees had an average of 36.3 years of contribution while females averaged only 26.1 years. The lower average earnings of women are also reflected in the contribution records of insured men and women. While only 9.8 percent of insured men made contributions on earnings which fell below the contribution ceiling (1,850 DM a month in 1971), 48.7 percent of insured women had earnings which were less than the contribution ceiling.[2]

The gap between the pension levels of men and women has, moreover, been widening in recent years.[3] During 1960–69, the yearly increase in men's retirement benefits averaged 7.2 percent while for women the figure was only 3.2 percent. This is explained largely by the fact that the number of years of employment (and con-

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[2] *Statistik der deutschen Rentenversicherungen der Arbeiter und der Angestellten, Verband Deutscher Rentenversicherungstrager, Frankfurt*, Band 33, p. 131.

[3] G. Spitaels, K. Klaric, S. Lambert, G. Lefevere, *Le salaire indirect et la couverture des besoins sociaux*, Vol. III, Brussels, p. 238.

sequently the years of contribution) has tended to grow at a much faster rate for men than for women. While more and more men are qualifying for a pension which represents a replacement of 60 percent or more of pre-retirement earnings, most women can expect a pension based on their own insured record to replace only about 30 percent of their former earnings, because of their shorter periods of insurance.

The German pension program does provide the woman who has worked at least 60 calendar months in the 10-year period before interrupting employment with the possibility to continue paying pension contributions voluntarily. In this case, the insured has some choice concerning the level of contributions and considerable latitude regarding periods of nonpayment and retroactive payment of contributions. If the woman continues to pay contributions voluntarily during periods when she is not employed and fulfills the minimum qualifying period of 15 years by combining periods of voluntary contributions with regular contributions, she can receive an old-age pension at age 65. Unlike the insured woman who qualifies under the obligatory pension program, the woman under voluntary insurance cannot benefit from the early retirement option at age 60.

If at the time of leaving employment the woman has contributed for less than 60 calendar months in the preceding 10-year period, she cannot continue her coverage through voluntary contributions. She is then given the choice of either preserving her contributions in anticipation of reemployment at some future date or claiming reimbursement of her contributions, not including the employer's share. She must, however, wait 2 years after termination of employment before making a claim for reimbursement of contributions. If she claims her contributions and later becomes reemployed, she may either begin anew to build up her contribution record or she

may choose to pay back the contributions for periods of employment which have been refunded.

The difficulty in making the latter choice is that she must pay the retroactive contributions at the current rate, including the employer's share. Considering the financial burden of repaying contributions, it is hardly surprising to learn that relatively few women have actually taken advantage of this possibility in either the blue-collar workers' or employees' pension programs. The option could, however, be very important for the woman who lacks a few months to a few years of contributions in order to qualify for the 15 years of insured coverage, which is the longest minimum qualifying period found among the countries covered in this report.

These provisions for voluntary continuation of pension coverage and repayment of refunded contributions have, generally speaking, not been found to be the solution to the problem of providing satisfactory pensions for women, particularly married women, who do not have an adequate record of full-time employment. Many women either never qualify for a pension or receive only a low benefit. This situation and the lack of security of the housewife who has never qualified in her own right have led to the current discussion in the Federal Republic concerning whether women at home—permanently or temporarily—need independent old-age insurance coverage.

Survivors' Benefits

By any standard, the rights of a widow to a survivor's pension in the West German system are very liberal, since she can receive a pension regardless of her age, income, or family responsibilities. Furthermore, there are no restrictions regarding the length of the marriage. The amount of the widow's pension does, however, vary

according to her personal circumstances. A woman can qualify for the "large widow's pension" if she is over age 45, an invalid, or has dependent children. The "small widow's pension" is granted when the woman is less than 45 years old and if she is neither an invalid nor responsible for supporting a child.

The difference in the benefit amount between the two types of widow's pensions is considerable. The larger pension represents 60 percent of the total invalidity pension which the insured would have been eligible to receive at the time of his death, while the smaller pension represents 60 percent of the partial invalidity pension which he would have received. For example, since total and partial invalidity pensions averaged 369 DM and 226 DM a month respectively in 1970, we may estimate that the average "large widow's pension" amounted to approximately 222 DM a month and the "small widow's pension" to 135 DM a month for the same year. There is, therefore, a difference of approximately 60 percent between the levels of the kinds of widow's pensions.[1]

During the first 3 months after the death of the insured, the widow receives not the survivor's pension but the full retirement pension which her husband had been receiving. If he was not yet retired, she receives the full invalidity pension for which her husband would have been eligible.

Upon remarriage, a widow loses her survivor's pension but she receives a lump-sum benefit equal to 5 years of the pension she was receiving. If her second marriage ends with the death of her husband, her widow's pension can be reestablished. If her second marriage ends in divorce, however, she can regain her right to the widow's pension only if the court finds she was not primarily responsible for the divorce.

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[1] *Übersicht über die Soziale Sicherung*, Ministry of Labor and Social Affairs, Bonn, 1970, p. 60.

When the husband is being supported by his insured wife, he may receive the survivor's benefit. This is the case even when the husband is not considered to be disabled, which distinguishes the German system from that in most of the other countries. And in estimating whether the woman provided the main source of support for the family, account is taken not only of her earnings but also of the assessed value of her work as a mother and a housewife.

When both spouses qualify for an old-age benefit, the wife can draw both her own retirement pension and, upon the death of her husband, a widow's pension. In contrast, the widower, upon the death of his insured wife, continues to receive only his own retirement pension. The regulations concerning the accumulation of pension benefits are, at least for women, very generous in the West German system. Moreover, since there is no retirement test for the receipt of a survivor's benefit, the widow may be employed and still continue to receive her widow's pension.

The orphan's pension (calculated in the same manner as the widow's pension) amounts to 10 percent for a partial orphan and 20 percent for a full orphan of the total invalidity pension to which the insured father or mother would have been eligible. The widow's benefit (or widower if eligible) is, therefore, increased by one-sixth for each child. In addition to the orphan's pension, the widow's pension is supplemented, the same as for the retirement pension, with a flat-rate benefit for each child equal to one-tenth of the last 3-year national earnings average. In terms of the amount, this latter benefit is the more important provision for orphans. It is estimated that the average supplement for a dependent child represents 70 percent of the benefits for a total orphan and 50 percent for a partial orphan.

Like beneficiaries of retirement pensions, widows and

their dependents are obligatorily affiliated with the health insurance program. Their contributions are only about two-thirds the regular rates, with the pension funds paying an equal amount on their behalf to the health insurance funds.

The situation regarding a widow's benefit for a divorced woman is one of the more controversial aspects of the treatment of women in the West German social security system. The vulnerability of the uninsured woman in the event of divorce has been one of the chief reasons behind the proposals for an independent pension insurance for housewives.

The regulations make no provision for a divorced woman to share in her former husband's retirement pension as long as he lives. When he dies, a divorced woman can receive a widow's pension only if she was entitled to receive alimony from the insured at the time of his death. The widow's pension for the divorced woman is based on the number of years of marriage. When the husband remarries, the benefit is divided among the surviving widows according to the respective lengths of the marriages. (The divorced widow must, however, have been receiving support payments.)

A 1971 proposal by the present government calls for a very fundamental change in the position of the spouses in the event of divorce. The aim is to end the practice of assigning responsibility for the breakup of the marriage and to emphasize the independent status of the spouses with regard to continuing financial support following divorce. These proposed changes in the divorce law have implications for the status of the divorced women in the pension system as well, and the government has, therefore, also included the divorced women in its pension reform proposals.

Proposed Reform of the Pension Program

The reform proposals of the government, known as the "Arendt Proposals" (after the present Minister of Labor and Social Affairs) had been preceded by considerable public debate on alternative approaches to the pension problems of women. In 1969, the Technical Advisory Committee to the former Ministry of Family and Youth presented a report which was widely discussed and which has undoubtedly influenced the government's plan.

The Technical Advisory Committee rejected the alternative of improving the pension rights which the woman derives from her insured husband. Their report pointed out that this approach would not solve the problem of combining rights gained from employment with those derived from the husband. An even more important objection, in their opinion, to this traditional approach was that it was not based on a recognition of the value of the work of the housewife and mother, which should be equated more with the work of men and women in employment.

Among their recommendations, which were based on the concept of "community property," were the following proposed changes:

(1) The retirement pension for a married couple would be based on family rather than individual contribution records. Taking into account periods before marriage, the pensions of the husband and wife would be combined, regardless of who had made the highest contributions.

(2) Married persons would make a pension contribution based on their family income and circumstances. If the woman remained at home to care for children, she would be credited with contributions paid by the pension funds, but the husband would be required to pay contributions on her behalf if she did not become employed after the children had left home.

(3) In the event of divorce, each spouse would have

the right to half the contributions paid from the time of marriage. The survivor's pension would be paid at the same rate as for a single person, but the benefit for younger widows without family responsibilities would be discontinued.

These proposals were criticized as being impractical, since they would have required a vast structural reform of the pension insurance system. Moreover, the proposals raised certain issues which are unlikely to be easily resolved. For example, if the contributions for a family were to be higher than those for a single person, would the employer also be expected to pay the higher contribution? The retirement benefit for a married couple would be higher than for a single person, but how much higher—50 percent or as much as 80 percent?

The "Arendt Proposals" are far less radical than those of the Technical Advisory Committee and are described even by their supporters as only the first modest steps toward an independent pension insurance program for housewives. There are five main points in the government's pension reform plan, four of which would have a direct impact on the status of women.

Although the proposals—first made public in July 1971—are still under discussion in Parliament and the details concerning their implementation are not yet known, the measures may be generally outlined as follows:

(1) The most widely known proposal concerns the "flexible retirement age," which aims at an early retirement age of 63 after 35 years of coverage. This proposal is less relevant for women since they already benefit from an early retirement option at age 60.

(2) One of the most significant points for women is the proposal to credit an insured woman with an additional year of insurance for each child to whom she gives birth. This is intended as partial compensation for periods during which women drop out of employment

to care for children. It is not yet clear whether the year of pension credit would be based on the insured woman's average earnings or on a national average of wages and salaries.

(3) Another point which is not directed exclusively at women, but which is relevant to their particular problems, is the proposal to revalorize the retirement benefit of persons with 35 years of coverage but receiving very low pensions. What is involved is a recalculation of their contribution record if their average earnings were less than 70 percent of the national average of wages and salaries. Although the requirement of 35 years of insurance will exclude many women, the beneficiaries of the reform would, nevertheless, include many women retirees. A somewhat different solution has been urged by the German Trade Union Confederation (D.G.B.) which proposed the granting of a special "hardship" allowance to women retirees whose earnings records are below the national average.

(4) In connection with the proposed changes in the divorce law, the government is also proposing that, in case of divorce, a pension right should be split. For example, if the husband has been insured under the pension program, but not the wife, and the length of their marriage and his pension coverage was the same, the wife would in the event of divorce be entitled to one-half of his contribution record. The husband would have the possibility of repaying the contributions transferred to his former wife in order to rebuild his contribution record.

(5) Finally, the Arendt plan includes a proposal to extend voluntary pension insurance to all nonemployed women and to the wives and family members working as nonsalaried "helpers" in a family enterprise. The level of contributions would be according to income, and the insured would have the opportunity to pay retro-

active contributions for a certain number of years in order to fulfill the minimum qualifying period of 15 years. It is estimated that over 8 million women between the ages of 16 and 65 would be eligible to take advantage of this voluntary pension insurance.

Other Proposals

In concluding this section on the Federal Republic of Germany, two additional proposals, one in the health insurance program and the other in work-injury insurance, should be mentioned since, if adopted, they would have an important bearing on the treatment of women in the social security system.

The coalition government has recently presented a proposal, and a similar one has already been made public by the opposition party (the Christian Democratic Union), which would permit the insured mother or father to receive a cash sickness benefit, for a maximum of 8 days, in order to care for a sick child. The replacement of lost earnings would be 100 percent during the 8-day period. Such a provision would be particularly beneficial for the employed widow and divorced woman who otherwise might find it difficult to arrange for someone to take care of a sick child.

In the work-injury insurance program, the opposition party has proposed the extension of obligatory insurance coverage to all nonemployed women between the ages of 18 and 65. This is consistent with the policy which has been pursued in recent years to cover those categories of the population which are not yet protected against invalidity resulting from accidental injury. Obligatory coverage was extended in 1971 to include schoolchildren, including even those in kindergartens. This latest proposal to include nonemployed women would be another step toward the complete coverage of the population.

Part III.—France

THE STATUS OF WOMEN under the French social security system was a topic of considerable discussion last year during the preparation of the Sixth Plan for Economic and Social Development. In the final plan for 1971–75 adopted by the Parliament, women—particularly those with children at home—were singled out as one of the social categories deserving special social security protection. Following very closely the recommendations of the Sixth Plan's Commission on Social Benefits, Parliament legislated a series of amendments in early 1972 which will bring about several important changes in the treatment of women under French social security regulations.[1] These changes reflect not only France's continuing preoccupation with a pro-natalist family policy but also a greater commitment toward providing women with children a freer choice between remaining at home and seeking employment.

Before examining the new amendments mentioned above, it would be useful to describe briefly the pension situation of the woman who qualifies for an old-age benefit on retirement from employment and that of the woman who receives a survivor's benefit through her deceased spouse.

[1] *Rapport de la Commission des Prestations Sociales, Commissariat général du Plan*, 1970.

Old-Age Pensions

In France, there is no distinction between working men and women with respect to contribution and benefit levels. Until very recently a worker had to be aged 60 with 30 years of coverage before he could receive a full pension from the general system (*régime général*) which covers most wage and salary workers. The retirement age remains 60, but under the amended law effective January 1, 1972, the full pension will be granted after $37\frac{1}{2}$ years of coverage. Considering the longer period of insured coverage, the amount of the old-age benefit has been increased from 20 percent to 25 percent of average earnings during the last 10 years of employment, revalued to allow for monetary depreciation. The new amendment also increases the old-age benefit from 40 percent to 50 percent of average earnings up to a ceiling if the worker delays retirement until 65. This new method of calculating pensions will become fully operative in 1975, but until then an interim system will take into account an increasing number of years of insured coverage until $37\frac{1}{2}$ years are reached in 1975.

Since the amount of the old-age pension is doubled if the worker waits until age 65 to retire,[1] it is not surprising that most French workers, both men and women, retire at 65.[2] However, it will be more difficult for women with their generally shorter work records to benefit fully from the increased benefits based on a minimum of $37\frac{1}{2}$ years of coverage. Beneficiary statistics for the general system indicate that in 1969 only 27 percent of the men contributed for 30 years or less, whereas 56 percent of the women fell into this category.[3]

[2] In 1969, 69.8 percent of the men and 59.7 percent of the women who retired under the general system were aged 65. *Supplément au bulletin mensuel de statistiques sociales, A6, novembre 1971*, p. 111.

[3] *Ibid.*, p. 111.

The most dramatic indication that women with their shorter work records and lower earnings fare less well than insured men in the pension system is the heavy representation of women among beneficiaries receiving the minimum benefit. In 1969, there were only 917 men as opposed to 9,756 women whose pensions when calculated were brought up to the minimum level.[4] Both the men and women workers in this category had been covered for at least 15 years and were therefore eligible to receive a pension rather than a reduced benefit (*rente*). As one would expect, women are also very heavily represented among those beneficiaries with less than 15 years' coverage and receiving a reduced benefit.

The retiree under the French general system is entitled to receive a supplement for a dependent husband or wife. This supplement is very low—only 50 francs a year if the dependent spouse is under age 65 (60 in case of invalidity) and a maximum of 1,950 francs a year if over age 65.[5] To qualify for this benefit, the dependent spouse cannot have personal resources exceeding the annual amount of S.M.I.C., which is the guaranteed minimum wage in industry and commerce. In December 1971, the annual S.M.I.C. amounted to 7,550 francs.

In addition to this supplement, there are two increases for which a retiree may be eligible that concern women directly. A man or woman retiree is eligible for a 10-percent increase in the old-age benefit if either has raised at least three children for a specified period before their 16th birthdays. Moreover, the insured woman who has raised at least two children for the specified period is credited with an extra year of coverage for each child. Both of these provisions clearly reflect the pro-natalist policy.

[4] This minimum benefit is equal in amount to the noncontributory pension (*allocation aux vieux travailleurs*) granted to certain workers ineligible under the general system.

[5] One franc equaled about 20 U.S. cents.

All retirees continue to be covered for health insurance benefits. Although retirees must participate in the cost of treatment according to the same fee schedule as before retirement, they are no longer required to pay health insurance contributions. There is no provision in the pension program for dependent children, since the retiree continues to receive family allowances on their behalf. In the French context, the family allowance benefits are enormously important not only in the level of payments but also in their degree of specialization. Their importance for the female beneficiary in particular will be discussed more fully below.

Survivors' Benefits

Public attention in France has focused more on the treatment of widows under the general system than on the situation of retired women workers. One characteristic that sets the French old-age pension scheme apart is that the French legislation provides no protection for the widow who has not reached retirement age or who is not considered an invalid. In a recent sociological study of French widows and their families, the author, Carlier-Mackiewicz, summed up the situation in the following manner: "In France . . . widowhood for those who have not attained retirement age has never been considered as one of the social risks requiring social insurance coverage in the same sense as sickness, invalidity, or old age." [6] For the considerable number of widows, with or without children, who are under age 65 (60 in case of invalidity) there are usually only two possibilities: Seek employment or rely on public assistance.

Under the general system, there are two survivors' benefits which are very often confused. The reversion

[6] Nicole Carlier-Mackiewicz, *Les Veuves et leurs familles dans la société d'aujourd'hui*, Paris, 1971, p. 52.

pension is the regular widow or widower's pension granted at age 65 (60 if invalid) if the insured and the survivor fulfill the necessary conditions. The other pension—often called the widow's pension—is actually an invalidity pension granted to the woman whose husband qualified to receive an old-age or invalidity benefit and who is herself an invalid. The latter benefit automatically becomes an old-age pension when the invalid widow (or invalid widower as the case may be) turns 60 years old. The benefit level of both the reversion pension and the widow's invalidity pension is 50 percent of the pension to which the insured was entitled. As a percentage of the insured's pension, this is the lowest rate among the Common Market countries. However, the reversion pension and the widow's invalidity pension cannot be less than a minimum which, on October 1, 1972, amounted to 1,950 francs a year. Survivor beneficiaries are eligible for a 10-percent increase in their benefit if they have raised at least three children. As with the regular old-age pension, there is no provision for dependent children, but the widow will continue to receive family allowance benefits.

Because the qualifying conditions for survivors' benefits under the general system are rather restrictive, French labor unions and various family-oriented associations have long been agitating for improved benefits for widows. The National Federation of Widows has urged that the reversion pension be paid at age 50 regardless of a widow's resources and that the rate of the pension be increased from 50 percent to 60 percent. The labor unions are also in favor of the rate increase to 60 percent but argue that there should be no age limitation on the receipt of a reversion pension.

In response to these pressures, the government recently liberalized the qualifying conditions for a survivor's benefit. The most important change relates to

the requirement that the spouse must have been dependent on the insured at the time of death. Under the old law, a woman pursuing a career or compelled for financial reasons to take up employment during the year preceding her husband's death would be ineligible for a survivor's benefit upon reaching retirement age if her earnings at the husband's death exceeded 3,000 francs a year. This income ceiling has been raised, effective March 1, 1972, to the level of the guaranteed minimum income (S.M.I.C.), which is currently 7,550 francs a year.

Also effective March 1, 1972, are changes in the regulations concerning the age of the insured at marriage and the required length of marriage before his death or receipt of a pension. Previously, the marriage must have taken place before the 60th birthday of the insured and must have lasted 2 years before his death or retirement. The new regulations have dropped the age requirement entirely, but the marriage must have occurred either 2 years before retirement or 4 years before the death of the insured.

In addition to the two types of survivors' benefits derived from an insured person's eligibility for the regular contributory old-age pension: the general system provides two widows' pensions which belong to the noncontributory part of the scheme. A striking characteristic of France's old-age pension system is the juxtaposition of contributory and noncontributory benefits within the general system. The noncontributory benefits provide a minimum level of protection to certain categories of workers and their dependents who failed to qualify under the contributory pension program. Although these benefits are means-tested, it would be misleading to label them as public assistance, since the recipient must have shown an attachment to the labor

force and all benefit costs are financed from contributions to the general system.

The widow of a worker who qualified for the noncontributory old-age pension (*allocation aux vieu travailleurs*) will receive an annuity known as the *secours viager*. However, her income must not exceed 5,350 francs a year. She is entitled to 50 percent of her husband's pension with an annual minimum of 1,950 francs.

Another noncontributory old-age pension is reserved for the spouse of a wage or salary worker who has raised at least five children. The qualifying conditions are somewhat more liberal than those for the *secours viager*, since the woman may be widowed, separated, abandoned, or even divorced. The means test and the amount of the benefit are the same as for *secours viager*. While this pension is undoubtedly meant as a reward for producing a large family and can even be viewed as a compensation for a housewife's work, it is important to remember that eligibility is derived primarily from the insured husband rather than from any automatic right accorded to the woman.

A widow receiving any of these survivors' benefits is also eligible to receive supplementary benefits from the National Solidarity Fund if her annual resources do not exceed 5,350 francs for a single person or 8,025 francs if she has dependents. These supplementary benefits, like the noncontributory pensions, are financed from contributions paid to the general system. The amount of the supplementary benefits was fixed at 1,900 francs a year in October 1972; when added to the minimum pension benefit of 1,950 francs, this yields a guaranteed minimum revenue of 3,850 francs. That this minimum is still far from satisfactory in the view of many beneficiaries is clear when one recalls that wage and salary workers are guaranteed an annual minimum income of 7,550 francs.

The qualifying conditions for survivors' benefits under France's other statutory pension programs—Railway Workers Insurance, Farmers Pension, and the program for the self-employed—are generally the same as those for the general system. But nonstatutory complementary systems tend to be more liberal, granting widows' pensions at age 50, or immediately in case of invalidity and when there are two or more dependent children. The complementary pension programs usually grant a widow's pension equal to 60 percent of the pension the insured would have received and an orphan's pension amounting from 20 to 30 percent.

The benefit situation for survivors in France is therefore extremely complex. Depending on her age and family responsibilities, a widow can begin drawing a pension from a complementary pension fund 15 years before she can receive one from the general system. Meanwhile, she may be eligible for various family allowance benefits and, depending on her personal resources, for public assistance payments to bring her total income up to a minimum level. When she finally begins to receive one of the contributory or noncontributory survivor's pensions from the general system at age 65, her pension may be supplemented with a means-tested benefit from the National Solidarity Fund. That this many-layered system has not solved the problem of poverty among widows, both the aged and those with dependent children, is evident from the continuing concern in France for the plight of widows.

Family Allowances and the Woman Beneficiary

Compared with the old-age pension program, far more important and original developments concerning the treatment of women as social security beneficiaries are occurring in the family allowance branch. In response to several recommendations made during the

preparation of the Sixth Plan, a series of amendments was passed that included a reform of the single-wage allowance, the institution of day care allowances, and a major innovation that will provide obligatory old-age pension coverage for certain housewives.

These amendments, along with the new orphan allowance adopted at the end of 1970, constitute what many observers judge to be a turning point in the family allowance program. There is a marked movement away from the concept that family allowances should operate primarily to compensate parents for the expense of raising children. With the passage of these new amendments, it is clear that the government has chosen to respond to certain problems, particularly those faced by mothers with children at home, by creating more specialized allowances.

This shift in policy also entails the introduction, on a much broader basis, of the means-testing of benefits. The practice of "modulating," to use the French expression, the amount of family allowances according to a family income is a controversial issue between the family allowance funds and the government. While the funds have reluctantly accepted the principle of means-testing for some of the specialized benefits (orphan allowance, single-wage allowance, day care allowance, and pensions for housewives), they may be expected to continue to defend vigorously the practice of universal benefits for the regular family allowances.

Single-wage allowance.—The most important step toward the "modulation" of benefits according to family income is contained in the reform of the single-wage allowance (*allocation de salaire unique*) which became effective July 1972.

The single-wage allowance was conceived as a supplementary benefit to be paid in addition to the regular family allowance in order to encourage women to re-

main at home with their children. Until the recent change, it was granted to all families, without reference to their resources, with at least one child and only one wage or salary income. All widows whose husbands had insured status before death are also eligible for the single-wage allowance. A single woman, either unmarried or divorced, who has a child and is employed benefits from this allowance. The unmarried or divorced mother who is not employed, however, is not eligible.

The single-wage allowance can represent an appreciable benefit for families of low or modest income. For example, for the family with two children—one being less than 2 years old—the single-wage allowance actually doubles the amount of family allowances received by the family (single-wage allowance—97.25 francs a month; family allowance—91.41 francs a month). It is also an important benefit for widows with dependent children. Until the adoption of an orphan's allowance, the single-wage allowance as well as the regular family allowance was the only type of benefit a widow under age 65 received as a right. In her study on the condition of widows, Nicole Carlier-Mackiewicz found that 7 percent of the widows surveyed had no income except the single-wage allowance and the family allowance.[7]

Leaving aside for the moment the question whether the allowance is an important factor in deterring women from taking up employment, it should be pointed out that a very large proportion of families receiving family allowances also receive the single-wage allowance. The National Family Allowance Fund reported that 72 percent of families with two children receiving family allowances in 1970 also received the single-wage allowance.[8] This indicates that the labor-market participa-

[7] Nicole Carlier-Mackiewicz, *Les Veuves et leurs familles dans la société d'aujourd'hui*, p. 59.

[8] *Statistiques-1970, Caisse Nationale des Allocations familiales*, p. 61.

tion of French women with children at home remains limited.

Whether this situation is due to the influence of the single-wage allowance is very controversial since the level of this allowance has lagged far behind the upward movement of earnings.* The result has been a paradoxical situation in which women of low-income families lose the right to receive the allowance when they take up employment while women of higher income families continue to receive the allowance (so long as they do not work) without regard to their actual need.

As of mid-1972 the implementing provisions for the reform of the single-wage allowance had not yet been decreed. But the law of January 3, 1972, spells out the general principle that the allowance will henceforth be granted only if the family income does not exceed a certain ceiling, taking into account the age and number of dependent children. Moreover, when the income of a family falls below a certain amount, which also takes into account the age and number of children, its single-wage allowance will be increased. Within this general statement of intent, the government has considerable latitude to decree who will continue to be eligible in the future to receive the single-wage allowance. To head off a very unfavorable reaction, the government will almost certainly decide not to suppress this benefit entirely for the bulk of French families. On the basis of the parliamentary debate and press reports, the single-wage allowance will probably no longer be paid to families with a net annual income exceeding 23,000 francs plus an additional 5,800 francs for each dependent child.

*During the period 1956–68, the index of the average single-wage allowance went from 100 to 127.3 while the index of average earnings for the same period jumped to 270.4 and that of the regular family allowances to 212.8. Source: *Le salaire indirect et la couverture des besoins sociaux* by G. Spitaels, D. Klaric, S. Lambert, G. Lefevere, vol. III, p. 153.

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The allowance is to be doubled from the present monthly benefit of approximately 97 to 194 francs for families with a net annual income of less than 8,200 francs with an extra 2,000 francs of allowable income for each child. For most families, however, the allowance will remain unchanged—at least in the near future.

In view of the high level of the proposed income ceiling for the suppression of the allowance, the government is moving rather cautiously in introducing an income ceiling for the single-wage allowance. And even though the benefit for low-income families is to be doubled, the proposed allowance of 200 francs a month is far less than the guaranteed minimum monthly wage. It remains questionable, therefore, whether the amended allowance will actually exercise a greater influence over the decision of a woman to remain at home or become employed. The reform marks, however, what is clearly only the first step in transforming the single-wage allowance from a universal benefit into a benefit intended primarily for families of low and modest incomes. The future evolution of the single-wage allowance and its influence on the status of women in the French social security system will be closely related, moreover, to the development of another family allowance benefit—day care allowances.

Day care allowances.—Of the new family-allowance measures which became effective in July 1972, the creation of a day care allowance was the most controversial. While very few would deny the desirability of paying such an allowance, it is the ambiguity concerning the basic objectives of the family allowance program raised by the introduction of a day care allowance that has been widely discussed. On the one hand, women are encouraged through the single-wage allowance to remain at home with their children. On the other hand, they may now be compensated, under certain conditions, for

the cost of day care when they take up employment. What is involved here is the debate concerning whether more women ought to be encouraged to work because of what is considered by many to be an unfavorable balance between the active and the inactive population. Of course, this position runs counter to the traditional family-oriented policy of encouraging families to have more children and of emphasizing the inherent values of the mother's presence at home. The government, in proposing a day care allowance, has not adopted an explicit policy of urging women to work. Instead it has explained the new allowance as part of the effort to ease some of the constraints which often prevent women with children from working.

The implementing decrees have not yet been published, but the law itself spells out that the day care allowance will be paid to the family in which the mother works as well as to the one-parent family. There is no provision in the law for the payment of an allowance when only one spouse works but the other spouse is incapable of caring for the children. The amount of the allowance itself will take into account the following factors: (1) Age of the children, (2) resources of the family, (3) the actual cost of day care for the children, (4) and the type of establishment in which the children are placed. On the basis of available reports, the day care allowance will amount to 10–15 francs a day for each child.

Before judging the importance of the new allocation, it is necessary to know how many families in a position to benefit from a day care allowance will be excluded by the income ceiling. If the eligible families are limited (as was proposed as a possible solution by the government) to those families not paying income tax, the number of recipients will be sharply restricted. Of course, the liability for taxation depends on the number of

dependents as well as several other factors involved in the calculation of taxes, but the combined incomes of two wage earners would in most cases make them liable for taxation.

Another interesting point concerning the level of the income ceiling for the day care allowance is its relationship to the income ceiling which will be employed in the payment of the increased single-wage allowance. The family allowance funds have made public their concern that the income ceiling for the receipt of a day care allowance should not be higher than that used for the increased single-wage allowance. Such a situation would, of course, further qualify the effectiveness of the single-wage allowance as an instrument of the pronatalist family policy.

During the preparatory work for the Sixth Plan, an *ad hoc* committee on family policy proposed another benefit to be financed out of the family allowance funds. Although the measure never reached the stage of a parliamentary bill, it is nevertheless of interest—particularly since a similar proposal is under consideration in West Germany. It was proposed that a special benefit be paid to mothers who must be absent from work in order to care for a sick child. The mother would receive the allowance only after presenting a doctor's certificate. It was argued that such an allowance would be particularly helpful for these mothers who must depend on day care facilities.[10]

Pension coverage for the housewife.—The last of the new amendments to the family allowance law is undoubtedly the most innovative. It provides obligatory pension coverage under the general system for women who receive the increased single-wage allowance. Although the *ad hoc* committee on family policy proposed

[10] For more details concerning this proposal see the "*Rapport du Groupe Politique Familiale*," C.A.F. No. 4, 1971, p. 26.

that all women receiving the single-wage allowance should be covered, the present law will include only those women of low-income families eligible for the increase in the single-wage allowance.

The contributions will be paid to the old-age pension program of the general system on behalf of the women to be covered by the family allowance funds. The contribution level will be calculated on the basis of a theoretical salary equal to the current level of the minimum wage (S.M.I.C.). To be eligible for a pension, the woman must be covered for at least 15 years, which is the regular requirement under the general system. If the woman cannot continue to have her contributions paid by the family allowance fund either due to the age of her children or resources exceeding the income ceiling, she will have the option to insure voluntarily.

While supporting the right of the housewife to an old-age pension in her own right, the family allowance funds have criticized the mode of financing which they feel can be viewed as a disguised subsidy to the old-age pension program. What is particularly objectionable to the family allowance funds is that they must begin paying contributions to the pension fund in 1972, although the first beneficiaries will not be eligible for a pension for several years. The family allowance funds would have preferred to reimburse the pension program for the cost of the old-age benefits for housewives when they are actually paid to the beneficiaries.

The financing of this new benefit for housewives, as well as the new day care allowance, improved housing allowances, and the orphan's allowance, presents no immediate problem. The family allowance funds have consistently shown a budget surplus for the past several years. Although the rate of the family allowance contribution, which is paid only by the employer, has been gradually reduced from the postwar level of 16 percent

to the present 10.5 percent, the funds have continued to accumulate a surplus, because family allowances have not been permitted to keep pace with increases in earnings.

Another criticism raised by the family allowance funds and by other observers concerning the pension for housewives is that there is at present no provision for coordinating the housewife's pension with a survivor's benefit. However, like the reform of single-wage allowance, this new pension is undoubtedly the first step in establishing a more comprehensive program. The *ad hoc* committee on family policy has already suggested that, as a part of the creation of a new "social standard for women," the housewife's pension should be extended to mothers whose family responsibilities (e.g., caring for a handicapped child) make it extremely difficult for them to work outside the home.

Orphan's allowance.—After several years of study, the law instituting an orphan's allowance was finally enacted in December 1970. This benefit, financed and administered by the family allowance funds, is already being paid to eligible recipients. With the passage of this law, an important gap has been filled in the social security system by providing protection, other than the regular family allowance for orphans, and by providing the widow with additional resources to care for dependent children.

Since the law defines an orphan very broadly, the eligibility requirement is, in this sense, very liberal. Basically, any child who has lost either both parents or only one parent qualifies for the benefit. The definition of an orphan also includes the situation in which a child has one of his parents absent at least 4 years and the parent has been recognized by the courts as absent. For the purpose of the orphan's allowance, the child of an unmarried mother is also recognized as having the same

status as an orphan and is eligible for the benefit. The latter measure will provide more security for the unemployed unmarried mother in particular, who, unlike a widow, is not eligible for the single-wage allowance if she is not employed.

The monthly benefit amount for the child who has lost both parents is currently 124 francs and for a child with only one parent, 62 francs. There is no test of resources for the full orphan. But if the resources of the parent of a partial orphan exceed the minimum taxable income, the benefit will be lost. The means-testing of the orphan's benefit for the one-parent family was strongly opposed by the representatives of the family allowance funds as inconsistent with the role of family allowances as a means of compensating child-raising costs for all families with dependent children.

The orphan's allowance can be paid simultaneously with all the other family allowance benefits (regular family allowance, single-wage allowance, housing allowances, etc.), but it is discontinued when the parent of a partial orphan remarries.

Maternity benefits.— In view of France's longstanding preoccupation with the low birth rate, it is hardly surprising to find that the French system provides for very generous maternity benefits.

In the family allowance branch, there are two important benefits related to maternity: the prenatal allowance and the maternity allowance. The prenatal allowance, which is unique among the countries studied, is paid during the 9 months preceding the child's birth and is currently 91 francs a month. There is no requirement that the woman must have had insured status; the benefit is paid to any woman, married or unmarried, who is declared pregnant. The only requirement is that the woman must undergo three medical examinations during the pregnancy. If the woman delays the medical

examination, she loses part of the benefit, which attests to the public health motivation of this allowance.

The maternity allowance is paid in two installments, one at the time of birth and the other 6 months later if the child is still alive and dependent on the parents. The level of the maternity allowance, which is currently 1,080 francs for each birth, is the highest among the countries studied. An interesting aspect of the maternity allowance is that the births must occur within prescribed lapses of time. For example, the first birth must take place within the first 2 years of marriage or before the mother reaches 25. For the following births, each must occur within 3 years of the preceding birth. Again, the pro-natalist orientation is clearly reflected in the regulations.

With regard to maternity benefits, it should be mentioned here that the working woman is also entitled to a benefit from maternity insurance, which is administered by the health insurance fund. In addition to covering the medical expenses, the maternity insurance pays a maternity benefit equal to 90 percent of earnings up to a ceiling. The current maximum benefit is 49 francs a day payable for a total of 14 weeks (in theory, 6 weeks before the birth and 8 weeks after). The maternity benefit—which is paid entirely from the employer's health insurance contribution—was increased to its present rate of 90 percent in January 1971 from 50 percent, which is the rate of the regular cash sickness benefit. The *ad hoc* committee on family policy for the Sixth Plan also urged that the benefit be improved so that the woman faced with health problems either for herself or her baby could have her maternity leave extended, with payments continuing up to a maximum of 1 year. This proposal assumed that family allowance funds would be used to help finance the improved benefit.

Social Security Benefits and the Divorced Woman

A less known aspect of the treatment of women under social security regulations is the situation of the divorced woman and her dependent children.

As mentioned earlier, the widow in France who is the recipient of a survivor's benefit enjoys automatic health insurance coverage. The widow who has not reached retirement age continues to be covered for only 1 year after the death of her husband, after which time she may opt for voluntary affiliation. However, the divorced woman who is not already covered through employment loses her right to health insurance coverage from the day the divorce becomes effective unless she affiliates voluntarily. The children of the divorced woman continue to be affiliated through the father if he has insured status.

In the case of pensions, the widow who benefits from a survivor's benefit loses her benefit immediately upon remarriage. This is less generous than in the other Common Market countries where the indemnity upon remarriage equals 1 to 5 years of payments. If divorce or widowhood occurs after remarriage, the woman may regain her pension rights.

If at the time of the husband's death there is both a surviving widow and a divorced wife from a previous marriage who was dependent on the deceased, the survivor's benefit is divided between the two according to the years of marriage. However, the portion received by the widow cannot be less than half the pension.

Part IV.—Great Britain

ONE OF THE MOST interesting countries from the standpoint of social security protection for women is Great Britain. Several countries, like Great Britain, provide retirement benefits at different ages for men and women, and some require women to pay their contributions at a different rate than men. However, the special characteristic of the British National Insurance Scheme is its distinctions regarding the level of benefits and the coverage of different risks for the employed married woman.

The British social security system may be unique in offering the employed married woman the option of paying contributions to qualify for benefits on her own insurance or electing not to pay contributions and to rely on her husband's insurance for a smaller range of benefits as a dependent. Moreover, the married woman who drops out of employment can continue to pay contributions in order to maintain her own insurance record. This provision has particularly important consequences for old-age pension rights.

The British regulations seem to offer the woman a choice between independent insurance and insurance as a dependent—a choice which is lacking in most other national systems. Nevertheless, the question is being raised whether this special treatment of the married woman is, in fact, the advantage it purports to be. When the Beveridge Plan was adopted, there was widespread

acceptance of the viewpoint that most married women would, despite periods of employment, continue to be dependent on their husbands for support.

With the increasing number of married women in the labor force today, assumptions concerning the role of the wife as a dependent are being re-examined. For example, the criticism has been made that it is hardly fair for the woman who has been working for most of her adult life to wait until her husband also retires in order to receive the flat-rate pension benefit. Moreover, the right to give up independent insurance coverage can have very negative consequences, particularly with regard to pension rights for the woman in the event of divorce. The assumption that the woman is, in fact, the dependent of her husband is also reflected in the differential unemployment and cash sickness benefits for married women, a situation which is often criticized as being the most obvious example of unequal treatment.

It would be misleading to say that the treatment of women under the social security system is the major social security issue in Britain today. What has been an issue there for several years is the continuing debate concerning the direction the National Insurance Scheme should take in the future in order to achieve higher benefits for all recipients. This debate involves various viewpoints on what emphasis should be placed on flat-rate benefits, earnings-related benefits, and the occupational pension schemes. The proposals made by the Labour and Conservative governments to reform the National Insurance Scheme have dealt with the status of women, but only as one of the issues in the larger question of social security reform.

In order to understand the reform proposals as well as the special position of employed married women, a brief outline will be given of the social security sys-

tem, including the supplementary benefits and family allowance programs.

Components of the Social Security Scheme

National insurance benefits. The general scheme provides, upon the fulfillment of certain contribution conditions, flat-rate benefits for unemployment, sickness, maternity, retirement, invalidity, and widowhood. The current rate for all of these benefits is £6 a week. An earnings-related supplement is payable in addition to the flat-rate unemployment, sickness, or widow's benefit if the insured has earnings of at least £450 a year and was therefore liable to pay graduated contributions. An earnings-related pension may be earned by paying graduated contributions to supplement the flat-rate retirement pension. There are, moreover, provisions for increases in the flat-rate retirement pension for each year that the insured man defers retirement beyond the normal retirement age of 65 up to age 70, and for the insured woman beyond the retirement age of 60 up to age 65. There is a retirement test in order to qualify for an old-age pension, but under the British system the test is no longer applied after age 70 for a man and age 65 for a woman.

The National Insurance Scheme covers virtually the entire population over the minimum school-leaving age (normally 15 years old), but the level of benefits and the coverage of certain risks depend on the insurance class to which the person belongs. The benefits for each of the three classes (employed, self-employed, and non-employed) vary as can be seen from the following chart:

Class I—employed	Class II—self-employed	Class III—nonemployed
Unemployment benefit.		
Sickness benefit	Flat-rate sickness benefit	
Invalidity benefit	Invalidity benefit	
Maternity allowance	Maternity allowance.	
Maternity grant	Maternity grant.	Maternity grant.
Widow's benefit	Widow's benefit	Widow's benefit.
Guardian's allowance.	Guardian's allowance.	Guardian's allowance.
Child's special allowance.	Child's special allowance.	Child's special allowance.
Retirement pension	Retirement pension.	Retirement pension.
Death grant	Death grant	Death grant.
Injury benefit.		
Disablement benefit		
Industrial death benefit.		

The entire adult population is required, with a few exceptions, to pay a flat-rate contribution. The chief exceptions to this requirement are women receiving a widow's benefit and married women, employed or not, who opt not to pay contributions and who are consequently insured through their husbands. Benefit entitlement depends on the contribution record. Unless contributions have actually been paid or credited for a period of sickness or unemployment, benefits may be reduced or not paid at all.

The rates for flat-rate contributions vary not only by insurance class but also by sex. The current contribution rate for an employed man (Class I) is 88 pence a week, for an employed woman 83 pence a week. (U.S. $1=40$ pence; £1 = 100 pence.) The justification for the lower contribution paid by women has always been that benefits received by women do not usually involve dependent's supplements and that men should contribute toward the cost of a widow's pension.

The contention is often voiced that, in spite of the lower contribution rate for women, the flat-rate contribution represents a heavier burden for women than for insured men because of their lower average earnings. There is no doubt that women's average earnings are lower than men's; in fact, the gap is larger in Great Britain than in the other European countries included in this report.[1] Although women make lower contributions than men, the old-age, sickness, unemployment, and work-injury benefits received by single women are the same as those received by their male counterparts. In the case of married women maintaining their own insurance records, the amounts of sickness and unemployment benefits are less than those for male workers. However, where the benefits for men and women are equal, the replacement rate for working women is undoubtedly higher than for men, given the lower average earnings of women.

In contrast to the lower flat-rate contributions for women, the working woman's contribution for the graduated old-age pension, which is compulsory for all working women, is higher than the man's. Again the differential rate is based on actuarial considerations, since women draw their pensions 5 years earlier than men and tend to live longer following retirement. To receive a $2\frac{1}{2}$ pence-a-week graduated addition to a pension, a woman must contribute a unit of £9 while a male worker contributes only £7.50. Assuming that they both earn

[1] If average hourly earnings in metalworking industries are taken as an indication, the earnings of French women employees in this sector represented 82 percent of male earnings in 1968; in Belgium, women's earnings were about 72 percent; and in Germany, 70 percent of male earnings in this sector. The comparable figure for women in metalworking industries in Great Britain was 59 percent in 1967. *L'Emploi des femmes et ses problèmes dans les états membres de la communauté européenne, Commission des Communautés Européennes*, 1972, pp. 167–168.

the same weekly wage of £24, it takes the woman 7.3 weeks or about 30 percent longer to earn a graduated benefit of $2^1/_2$ pence while it takes the man only 5.6 weeks. One should not, however, overestimate the importance of the graduated pension benefits in the total retirement benefit. The graduated portion of the retirement benefit was instituted in 1961; of new pensions awarded in 1970, only 23 percent contained a graduated addition.[2]

It would also be misleading to conclude that these basic flat-rate benefits plus the earnings-related supplementary benefits give the complete picture concerning the social security protection of women under the National Insurance Scheme. There is another component, the means-tested supplementary benefits program, which is particularly important for women beneficiaries.

Supplementary benefits.—The supplementary benefits program provides means-tested benefits (supplementary pensions to persons of pensionable age and supplementary allowances to persons below the pensionable age) if the resources of the recipient do not exceed certain prescribed amounts depending on his age, family responsibilities, etc., and if he is not engaged in full-time employment. Included in a person's income for the test of resources are any National Insurance benefits, including old-age pensions and family allowances, that he may be receiving. There is a rather small disregard of earnings from employment of £2 a week for each family member. The standard supplementary benefits paid at the beginning of 1972 were £9.45 a week for a couple and £5.80 a week for a person living alone. Almost all pensioners receiving supplementary benefits also receive automatically the "long-term addition" of 50 pence a week, and if the recipient is not living in his own home

[2] *Annual Report*, Department of Health and Social Security, 1970, p. 319.

or with relatives, there is a rent allowance which in 1970 averaged about £1.85 a week. This compares with the flat-rate National Insurance pension benefit of £9.70 pence a week for a couple (which includes the £3.70 increase for a dependent spouse) and £6 a week for a single person. If the rent allowance and the long-term addition are included, there is a difference of at least £2 between the means-tested supplementary benefits and the regular flat-rate retirement pension.

At the end of 1970, approximately 27 percent of National Insurance retirement beneficiaries and 16 percent of widows' benefit recipients were also receiving supplementary benefits. Sixty-nine percent of all supplementary benefit recipients in 1970 were over the pensionable age; within that category, by far the largest group of recipients are women. Of the 1,902,000 supplementary pensioners, 1,325,000 were women.[3]

Among the supplementary benefit recipients under the pensionable age, women are again heavily represented. After benefits paid to the sick and disabled, the next largest category is made up of women with dependent children—widows, separated or deserted wives, and unmarried mothers.

Obviously, women constitute the real "dependents" of the supplementary benefits program. The unification of the contributory social insurance program and the means-tested assistance program under a single national administration has served to point out that the actual needs of the woman are often very much the same whether she is a widowed mother receiving a survivor's benefit or a separated, deserted, or unmarried mother on public assistance. The similarity of the problems of women with dependent children and their heavy reliance on income-maintenance programs has been recognized in Britain. In 1969 a special committee was appointed to

[3] *Ibid.*, p. 93.

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examine what provisions, including social security measures, should be made especially for the one-parent family. The recommendations of the committee are expected to be issued before the end of 1972.

In the meantime, a new component added to the social security system will be particularly important for the one-parent family. The Family Income Supplements program, which was adopted in 1970, provides help to low-income families who cannot qualify under the supplementary benefits program because the breadwinner is in full-time employment. The new program will benefit the two-parent family as well, but many working mothers who are either deserted, separated, or unmarried will now be eligible for a supplementary benefit. However, the new program is not expected to have much of an impact on widows with dependent children unless the mother is unemployed. Widows with dependent children can receive their National Insurance widow's benefit whether or not they work. With earnings from full-time work and benefits combined (including family allowances when eligible), most widows are expected to have incomes above the level at which the family income supplement is payable.

In 1971, the maximum allowable income was set at £18 a week for a family with one child plus £2 a week for each additional child. The maximum family income supplement was fixed at £4 a week.[4]

Family allowances.— As in West Germany, family allowances have always constituted one of the less important components in the British social security system. In terms of the level of the allowances, they have never represented a very large proportion of total family income, except for the very large families. When family

[4] In 1972, the maximum amount of allowable income for a single-child family was raised to £20 a week, and the maximum benefit was set at £5 a week.

allowances were raised in 1968, it was only the third increase since the introduction of the program in 1946. Furthermore, the argument that higher earnings rather than higher family allowances is the preferable way of helping families has consistently been supported, particularly by the trade unions.

According to the law, family allowances are paid to the mother of the family. The allowances are financed out of general revenue funds and do not depend on the payment of contributions to the National Insurance Scheme. Payment of an allowance begins with the second child, who is entitled to 90 pence a week, plus an additional pound a week for the third and each subsequent child.

Family allowances in Great Britain are subject to income tax. They are not, strictly speaking, means-tested benefits, but since 1968 the benefits have been roughly graduated in relation to the resources of the family through the introduction of the "clawback principle." What is involved is a reduction, through taxation, in the amount of the family allowance benefit actually received if the family income is high enough to be liable for taxation. Thus, families paying income tax at the standard rate currently derive no net benefit from the increase of 50 pence a week for each child which was adopted in 1968.

As the clawback principle would indicate, discussion in Great Britain concerning the proper orientation of the family allowance program has centered around the alternatives of giving higher benefits to all families with children or only to those families in the lower income brackets. The latest development in this continuing debate is the tax-credit proposal made public by the Conservative government in March 1972. Although only the broad outlines of the proposals are known as this point, the plan, if adopted, would replace family allowances

(and in most cases the family income supplement) with tax credits, regardless of whether the recipient was liable to pay income tax. The credits for children would normally be set off against the tax payable. But where the credit was greater than the tax, which would be the case for those in the lowest income brackets, the difference would be paid as an addition to earnings. Of course, the important question is at what level the credit for children would be fixed. In announcing the tax-credit plan, the government estimated that the tax credits for children, married couples, and single persons would be fixed at a level high enough to reduce substantially the number of persons currently receiving supplementary benefits.

Married Women and National Insurance

The employed married woman.—The vast majority of working married women in Great Britain exercise their option not to pay contributions on their own insurance record but to be covered through their husband's insurance. Of nearly 5 million married women covered by National Insurance in 1970, less than 1.2 million chose to maintain their own independent insurance.[5] Moreover, very few married women who leave employment volunteer to continue paying contributions as a nonemployed person. There were only 200,000 married women making such contributions in 1970.[6]

For the employed married woman, the decision not to pay full flat-rate contributions means that she is entitled to a smaller range of benefits. For example, she is no longer eligible to receive either the flat-rate benefits or earnings-related supplements in case of sickness or unemployment. She is still eligible to receive a maternity grant (a lump-sum award of £25) on her husband's

[5] *Annual Report*, 1970, p. 308.
[6] *Ibid.*

insurance but cannot qualify for the maternity allowance (£6 a week for 18 weeks) to help compensate for lost earnings. The employed married woman's decision to be covered through her husband's insurance does not, however, affect her coverage for work-injury benefits, for which she must continue paying contributions. The married woman gives up her right to a flat-rate invalidity benefit when she is covered through her husband's insurance.

The decision also affects her entitlement to a retirement pension. If she decides not to pay contributions on her own insurance record, the woman must wait until her husband retires at age 65 and draws his retirement pension. In this case, the husband receives his flat-rate pension of £6 a week plus an additional £3.70 for his spouse, provided that she has also retired from regular employment. If the husband has reached retirement age but his wife is under 60, he can receive the increase on his retirement pension for his wife, provided that she is not employed or receiving a retirement pension on her own insurance.

The married woman who has qualified on her own insurance record can draw a flat-rate pension as soon as she reaches age 60 and has retired from regular employment, regardless of her husband's age or work status. The standard rate of her retirement pension is also £6 a week. If the woman qualifies on her own pension and also on her husband's insurance, she cannot be paid both benefits but will receive whichever is the more favorable. Such a situation arises particularly when the woman's own contribution record permits her to qualify only for a reduced benefit. In this case, she might be better off receiving the benefit of £3.70 a week as a dependent wife.

A frequently heard criticism concerning the treatment of married women is that they "lose" their pen-

sion contributions made before marriage or before they opted to be covered through their husband's insurance. In other words, there is no system of either getting back or preserving previous contributions to the flat-rate pension program.

Another major criticism is that the employed married woman who maintains her own insurance record does not receive an unemployment or sickness benefit on the same basis as the employed single woman or employed man. While the standard unemployment and sickness benefit is £6 a week, the married woman receives £4.20 a week. Again, it is the view of the woman as a dependent, even though she may be in full-time employment, which is behind this lower benefit.[7] Although the working wife cannot receive the standard unemployment or sickness benefit, she does receive a supplement (as a man does for his dependents) added to her benefit if her husband is incapable of working. As in the other countries surveyed in this report, there is no provision for a dependent's supplement if an able-bodied husband chooses to remain at home to carry out the household duties.

Widows' benefits.—In contrast to the treatment of working married women, widows receive a more liberal level of benefits and a greater variety of provisions affect their social security status.

There are four types of widows' benefits: (1) widow's allowance, (2) widow's supplementary allowance, (3) widowed mother's allowance, and (4) the widow's pension.

The widow who is under age 60 or whose husband was not yet retired at the time of his death receives the weekly flat-rate widow's allowance during the first 26

[7] The government has, however, recently proposed an amendment which would enable women responsible for the support of a disabled husband to receive the unemployment and sickness benefit at the standard rate.

weeks of widowhood. The standard rate is £8.40 a week. If there are dependent children in the family, the widow's allowance is supplemented as follows: For the first child, £2.95 a week; for the second child, £2.05 a week; and for each subsequent child, £1.95 a week. In addition to these increases, family allowances are payable.

A woman who qualifies for the widow's allowance may also receive the widow's supplementary allowance if her husband's earnings were at least £450 a year. The supplementary allowance is related to average weekly earnings, the maximum allowance being £7 a week if the husband's earnings averaged £30 or more a week.

Following the end of the 26-week period for the widow's allowance, the widow with one or more dependent children can receive a widowed mother's allowance. The standard rate is £6 a week, to which are added supplements for children at the same rates as those for the widow's allowance. The widow also continues to receive family allowances.

When there are no longer any dependent children in the family, the widowed mother's allowance stops and, depending on her age, she may begin receiving the regular widow's pension. To qualify, the widow must be at least age 40 when her husband died or when she was no longer entitled to the widowed mother's allowance. Before April 1971, a widow did not receive the regular widow's pension if she was under age 50 or if she had not been married at least 3 years before the death of her husband. In 1971, the 3-year marriage test was abolished and an age-related widow's pension was instituted for widows between the ages of 40 and 50. At age 40, the widow receives 30 percent of the full pension (£1.80 a week), and there is a 7-percent increase for each year until the full pension (£6 per week) is granted if she is age 50 at the time of her husband's death.

The rate of the widow's pension under age 50 depends on the widow's age at the relevant time; it does not increase with age. If the widow is receiving less than the standard retirement pension of £6 a week, her benefit will be increased to this amount when she reaches the retirement age of 60. In addition to the flat-rate widow's benefit, the widow is entitled to receive at age 60 half of the graduated pension which her husband had earned. She may also get any graduated pension for which she has paid contributions.

A widow can continue to receive her benefit even though she is regularly employed. Moreover, if it would be to her advantage to qualify for a retirement pension on her own insurance, she is permitted, in order to satisfy the contribution conditions, to substitute her deceased husband's yearly average of flat-rate contributions for her own flat-rate contribution record for the years before his death. If the widow remarries, payment of any widow's benefit is discontinued.

There is no pension provision for widowers under the National Insurance Scheme. If the widower cannot qualify for a retirement benefit in his own right, he must rely on the means-tested supplementary pension benefit.

The divorced woman.—The widow's pension can normally be paid only to a woman who was the lawful wife at the time of the husband's death. Therefore, the divorced woman cannot derive a widow's pension from her former husband. If the woman is divorced after age 60, she can begin immediately to receive a retirement pension on her husband's insurance as if he had died on the date the divorce became final. This is a considerable advantage. The divorced woman, whether her former husband has retired or not, receives in this case the higher rate, not the lower one paid to the uninsured wife of a retirement pensioner.

If a divorced woman was entitled to child maintenance payments from her former husband at the time of his death, she may receive the child's special allowance. This allowance amounts to £2.95 a week, including the family allowance benefit, for each child.

According to the pension reform proposed by the Conservative government, arrangements are being made to extend to the divorced woman the right that a widow has to use her former husband's contribution record if this would improve her own retirement pension.

Proposals for Pension Reform

In the background of the public debate over pension reform is the fact that an increasing number of pensioners have become dependent on the means-tested supplementary benefits program. The dilemma that has faced successive governments in Great Britain is that adequate flat-rate pensions cannot continue to be financed by flat-rate contributions without severely penalizing low-income earners. In fact, the present flat-rate benefits are financed to an increasing extent by the earnings-related contributions. The policy for several years has been to help those categories of the population most in need through the supplementary benefits program rather than increasing flat-rate benefits for the entire eligible population.

Both the Labour Party's National Superannuation proposal and the Conservative Party's "Strategy for Pensions" place a heavy emphasis on the necessity to shift from a system of flat-rate contributions to one of earnings-related contributions.* Under the Labour Party's proposed reform all contributions and benefits

*The Labour Party proposals are contained in "National Superannuation and Social Insurance," Department of Health and Social Security, January 1969, and those of the Conservative Party in "Strategy for Pensions," Department of Health and Social Security, September 1971.

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would be related to each insured person's earnings. This means that low-paid women would pay lower contributions, but they might also, of course, receive lower benefits. The proposal did, however, include the recommendation that the pension formula should provide a higher rate of earnings replacement for low-income earners.

In the "new deal for women" proposed by the Labour Party, women would contribute on the same basis as men and earn corresponding benefits. Married women would no longer have the option not to pay full National Insurance contributions. The rates for sickness and unemployment benefits for a married woman would be the same as those for single men and women with the same earnings.

The Labour Party plan offered the married women a choice between alternative methods of calculating her retirement pension: (1) a pension based on her own average earnings, or (2) if it would be more favorable to her, a flat-rate pension on her husband's record plus an earnings-related addition of 25 percent of her own average earnings.

The widow over age 60 would receive the same pension as her husband was receiving or had earned when he died. Nonemployed married women with no children and mothers without preschool children would be required to make contributions in order to be eligible for invalidity and retirement benefits. Retirement pensions for a couple would be calculated on the basis of the contributions which have been paid by both the husband and wife.

Since the Labour Party did not have the opportunity to enact its pension reform proposal before its election defeat in 1970, there is no indication as to how the level of contribution to be paid by the nonemployed housewife would have been fixed or how the combined hus-

band-wife retirement pension would have been calculated.

From the standpoint of the treatment of women, the reform proposals of the present Conservative government offer far fewer changes in the existing system. As under the National Superannuation Scheme, contributions would be earnings related, but under the Conservative Party's State Basic Scheme, benefits would continue to be flat-rate. According to the government's "Strategy for Pensions," the feasibility of abandoning the contributory insurance system in favor of a tax-based scheme was examined. It was rejected, however, largely because many more women would receive higher benefits under a system not dependent on individual contribution records than under the existing system. For example, working married women who presently qualify through their husbands for a lower pension benefit would become entitled to an equal benefit. Moreover, the same married women would become eligible for unemployment and sickness benefits, which they do not presently receive if they are covered through their husband's insurance.

Thus, the government's proposal recommends that, even under an earnings-related contributory system, married women should continue to have the choice of not paying full National Insurance contributions. Widows' benefits would be payable under the same conditions as in the present system, and the flat-rate retirement benefits would continue to be paid at levels considerably lower than those for supplementary benefits.

The new scheme would terminate the graduated pension program, and major emphasis would be placed on occupational pension schemes to provide adequate incomes for retirement. This heavy reliance on occupational schemes constitutes the most significant feature regarding the treatment of women in the government's

reform proposals. All employees would be required to belong to an earnings-related pension through a recognized employer-sponsored occupational scheme or to contribute to the State Reserve Scheme, which would cover all employed persons not members of an occupational scheme. Although the requirements which occupational schemes would have to meet in order to be recognized have not yet been finalized, it is clear that the government's standards would directly affect the treatment of women as dependents and as employees. For example, all occupational schemes would be required to pay a widow's benefit, which is currently not the practice in many schemes, equal to half the husband's pension rate. The widow's benefit would have to be paid as a pension if the husband dies in retirement, but the scheme would have the option of paying a lump-sum benefit if he dies before retirement.

For the woman employee, the occupational pension schemes would be permitted to pay a lower minimum pension benefit than for a male employee, because of her earlier retirement age and greater longevity. Moreover, occupational pension schemes would not be expected to pay a retirement benefit equivalent to a male employee's if the scheme gives the woman coverage for her dependents in the event of death.

The provisions for the State Reserve Scheme are also highly significant for women, since, if adopted, a very large number of female employees would find themselves covered by this scheme. Under present arrangements, many employed women find themselves excluded from membership in an employer-sponsored occupational pension scheme through either age or length-of-employment requirements. Although it is difficult to obtain an exact estimate, approximately 54 percent of all male wage and salary earners are members of an occupational pension scheme, while only about 26 per-

cent of female workers are covered." The proposals concerning the State Reserve Scheme make it quite clear that the scheme would be more modest than the regular occupational pension schemes. In the words of the report, "It is in no way intended as a rival to occupational schemes or a substitute for their expansion."[10] The Reserve Scheme would be entirely funded on the basis of employer-employee contributions and would not receive any subsidy from the State. Unlike the occupational schemes, the State Reserve Scheme would not be required to guarantee its pensions against rises in the cost of living. It would, however, pay bonuses out of its investment income.

As in the occupational pension schemes, the Reserve Scheme would pay a lower retirement benefit to women than to men. According to the hypothetical calculations given in the report "Strategy for Pensions," a man who enters the scheme at age 35 and retires after 30 years of coverage with average weekly earnings of £20 would earn a pension of £4.1 a week. A woman, however, with 30 years of coverage after age 30 and average weekly earnings of £20 would receive a pension of £3.3 a week.[11] Again according to the calculations given in the government's report, assuming that real earnings rise by 3 percent a year, the woman who enters the State Reserve Scheme at age 21 and retires after 39 years of contribution with average weekly earnings of £20 a week would receive a pension representing only 14 percent of her earnings at retirement. As one would expect, the gov-

[9] "Equal Pay," *The Sunday Times*, London, November 21, 1971, p. 65.
[10] "Strategy for Pensions," p. 9.
[11] *Ibid.*, p. 22.

ernment's pension reform proposal has been criticized on the grounds that, even after the addition of the flat-rate pension benefit to the Reserve Scheme pension, the problem of poverty and reliance on supplementary benefits for many pensioners would continue to persist.

Part V.—The United States

SOCIAL SECURITY PROVISIONS have been closely scrutinized in recent years by those concerned about the treatment of women under all public programs. Some aspects of the old-age, survivor, disability and health insurance (OASDHI) program—generally called social security in the United States—have come under increasing attack as unfair to working wives. Ironically, some aspects have been characterized as favoring women.

Understanding of the detailed structure as well as the general objectives of the system is essential if various proposals for modifying family protection or the position of working wives under the system are to be properly assessed. This paper sketches the program's purposes, evolution and general scope.[1] The emphasis is on those provisions that differ, or appear to differ, in their impact on men and women. These include the current

[1] The U.S. study takes into account legislation enacted July 1, 1972, just after completion of this chapter, and the Social Security Amendments of 1972 (Public Law 92-603) enacted October 30, 1972. Jane Ceccarelli provided the detailed information on provisions related to women throughout the program's history. The characteristics of OASDHI are fully detailed elsewhere. See *Social Security Programs in the United States* (January 1973 edition), U.S. Department of Health, Education, and Welfare, Social Security Administration, Washington, D.C., for background information on all the major income-maintenance programs in the United States. For a tabular compilation of the OASDHI provisions, see the Annual Statistical Supplement to the *Social Security Bulletin* published by the Office of Research and Statistics, Social Security Administration.

benefit status of women as workers and as dependents, the frequency and size of benefit payments, and the extent to which a woman's dependents draw benefits on her record. Finally, the more controversial provisions and certain proposed modifications are noted.

Scope and Evolution

The OASDHI program provides monthly cash benefits to workers and their dependents to replace a portion of earnings lost because of retirement, death, or severe disability. Since mid-1966 it has also provided hospital and voluntary medical insurance beginning at age 65. As the basic income-maintenance program for the United States, social security helps support more than 1 in 8 Americans, or 28 million people.

Under the original Social Security Act of 1935, the program was limited to protection for wage and salary workers in industry and commerce against loss of income by retirement at age 65 or later. Coverage was gradually expanded; now more than 9 in 10 persons in paid employment, including the self-employed, are covered.

Social security contributions on earnings up to a specified maximum, paid by employees, employers and the self-employed, finance the cash benefits and hospital insurance. For 1972 the tax rate is 5.2 percent for employees and employers alike and 7.5 percent for the self-employed (with 0.6 percent allocated for hospital insurance in each case) on covered earnings up to $9,000.[2] (Median earnings in covered employment are approaching $5,000—perhaps $6,500 for men, $3,000 for

[2] Beginning January 1973, the rates are 5.85 percent each for employers and employees and 8.0 percent for the self-employed (with 1.0 percent allocated for hospital insurance in each case). The contribution and benefit rate rises to $10,800 in 1973, to $12,000 in 1974, and will be increased automatically thereafter as wages rise.

women.) Working women are subject to the same tax provisions as working men. Their benefit rights as workers are also similar.

Benefits for workers.—Cash benefits for an insured worker are based on his average earnings in employment covered under social security. Retirement benefits are now generally based on post-1950 annual earnings, minus the lowest 5 years, averaged up to the year a worker attains retirement age (62 for women and for men 65 up to the present, 62 in 1975 or later). In calculating survivor or disability benefits, the worker's covered earnings after 1950 (or the year age 21 is attained, if later) are averaged up to the year of death or disability, minus the low 5 years. Earnings covered before 1951 may be included in the average if it is to the worker's advantage.

Under the present law, a person will eventually need at least 10 years (40 calendar quarters) of creditable work to meet the length-of-service requirement for retirement benefits—that is, to earn fully insured status. When coverage was extended to major new groups in the 1950's, the law was amended so that workers near retirement age could become insured within a short time (a minimum of 6 quarters of coverage). This privilege of such a "new start" was made available to all workers with covered employment after 1950.

The work requirement was reduced (from one-half of the elapsed quarters to one-third in 1960 and to one-fourth in 1961), so that now one quarter of coverage is needed for each year after 1950 and before the year of death or age 62 for women, age 65 for men. Thus, for example, a man retiring at age 65 in 1972 needs 21 quarters and a woman needs 18 quarters. The 1972 amendments provide that age 62 will also be used for men who reach that age in 1975 or later.

Transitional insured status with a small flat benefit

was provided in 1965 for people 72 or older with three to five quarters of coverage. The next year special benefits were extended to certain people aged 72 and over (or reaching that age before 1972) who could not meet even these minimal work requirements.

For disability benefits, coverage requirements are more stringent. The individual must have worked in half the quarters during the 10 years immediately prior to disability or, if under age 31, in half the elapsed quarters since attainment of age 21.

The benefit formula is weighted to provide a larger earnings replacement for low earnings. The nominal earnings replacement rate of the primary insurance amount (PIA) for retired or disabled workers ranges from over 100 percent of taxable earnings for those with less than $126 in average monthly earnings to 55 percent for those now retiring at age 65 with the maximum creditable earnings.[3] (In relation to earnings immediately before retirement, the replacement rate may be much lower.)

Effective January 1973, a special minimum benefit is payable to workers with 20 or more years of covered employment (to be computed by multiplying $8.50 by the number of such years between 10 and 30), if higher than the regular benefit would be. The largest minimum benefit payable is $170 for a worker retiring at age 65 after 30 years of covered work.

The social security provisions enacted July 1, 1972, provide that, in the future, benefits will rise automatically as prices rise. The first automatic increase will be effective January 1975 if the Consumer Price Index (CPI) increases at least 3 percent from the third quarter 1972 to the second quarter 1974, and annually there-

[3] Beginning September 1972, the formula yields a replacement rate of about eleven-tenths of the first $110 earned, plus roughly two-fifths of the next $540, about one-fourth of the next $100, and one-fifth of the last $250.

after, unless a general benefit increase is enacted or becomes law in that calendar year.

Family protection.—As early as 1939 the Social Security Act was amended to strengthen protection for families by providing benefits for the dependents and survivors of insured workers. In an attempt to avoid detailed investigations of family financial relationships, it was decided to base dependency determinations on the then generally accepted presumption that a man is responsible for the support of his wife and children.

In line with this presumption, benefits based on the work record of a retired or deceased worker were first provided to children under age 18 and to a wife or widow aged 65 or older.[1] Widows under 65 with entitled children in their care were also eligible for benefits. Amendments in 1950 provided comparable benefits to mothers of entitled children upon the retirement of their husbands or the death of a divorced husband.

With enactment of disability insurance for workers aged 50–64 in 1956 and its extension to young workers in 1960, the dependents of disabled workers were given the same benefit rights as dependents of retired workers.

In the early years of the program children's benefits were payable on the earnings record of a working mother without a husband, but they were not available to children of a working wife when her husband was present. Nor were benefits payable to the husband or widower of a working wife. This was changed as a result of amendments in 1950 and 1967. Benefits are now payable to children upon the death, disability or retirement of their mothers under the same conditions as when the father's support is lost. Initially, children

[1] Benefits were also provided for a deceased worker's parents if they were the only survivors and could show they had been dependent on the worker at the time of death, i.e., receiving more than half their support from the worker.

were deemed dependent if they were under age 18. Enactment of disability insurance, however, extended benefits to disabled children aged 18 and over if the disability had started before age 18 and they were otherwise eligible.[3] In 1965 family protection was improved by continuing benefits for children up to age 22 while they attend school full time. A man is now eligible for a benefit as a dependent husband or widower if his wife has been providing at least half of his support.

In an effort to improve the adequacy of benefits for survivors, the amount for a survivor child was raised in 1960—from 50 percent of the PIA to 75 percent. The next year, the benefits for widows, widowers and parents of deceased workers were raised by 10 percent from 75 percent of the PIA to $82\frac{1}{2}$ percent. For the widowed who had been receiving benefits this meant an increase from 50 percent to 55 percent of the benefit that had been payable to a married couple entitled at age 65.

Effective January 1973, the benefit for widows and dependent widowers whose benefits start at age 65 or later will be 100 percent of the retirement benefits their deceased spouses would now be receiving if they were still alive. Those who claim benefits before age 65 will have them reduced, but the amounts will not be less than $82\frac{1}{2}$ percent of the spouse's retirement benefit.

Monthly amounts now payable to individual dependents thus vary from 50 percent of the PIA for the spouse or child of a beneficiary to 75 percent for the child of an insured worker who dies and 100 percent for a widow if not reduced because of an early claim. Maximum total benefits for a family vary between 150 percent and 188 percent of the PIA.

The family protection built into the social security program, along with the increasing labor force partici-

[3] Beginning 1973, eligibility is extended to children disabled before age 22.

pation of women, has resulted in an increasing number of women who approach retirement age with overlapping benefit credits—as dependents of their husbands and as retired workers in their own right. A woman who simultaneously qualifies for a retired worker's benefit and a wife's or widow's benefit is generally entitled first to her own benefit and then, if the dependent's benefit is larger, to a supplement equal to the difference in amounts. In effect, she receives the larger of the two benefits but retains her status as a retired worker. Thus, her own benefit is predicated on her own retirement, while her dependent wife's benefit is payable only if both she and her husband are retired.

Early retirement benefits.—In 1956, women became eligible for benefits as early as age 62, with the benefits for women workers and wives reduced to take account of the longer period over which they would be paid.[6] This change, too, grew out of a desire to increase family protection. The "early retirement" provision was designed to ease the financial strain on a married couple when the husband retired at age 65 or soon after. Because a woman is characteristically several years younger than her husband, most couples previously had to manage on one benefit during his first years in retirement. It was quickly decided, however, that the same option would have to be provided to women workers (including nonmarried women) and, without a reduction, to widows whose situation was considered one of particular hardship.

Only 5 years later, the eligibility age for men was also reduced to age 62—partly as an economic stimulant. The same actuarial reduction was applied, but the benefit computation point was not then reduced from age 65 to

[6] For benefits claimed at age 62, the actuarial reduction is 20 percent for workers and 25 percent for wives, with proportionately less reduction as age approaches 65.

age 62 as it had been for women. The 1972 amendments provide that the computation point for men born after 1912 will also be age 62.

In 1965, widows were made eligible for benefits at ages 60–61 if they accepted an actuarial reduction.[7] Two years later, reduced benefits were authorized for disabled widows and dependent widowers as early as age 50. Starting in 1973, dependent widowers are likewise eligible for reduced benefits at ages 60–61.

The Program in Action

About 13.8 million women (out of a total of 23 million adult beneficiaries) were receiving social security benefits at the end of 1971—about half of them on the basis of their own work, the other half as wives or widows (table 1). For December 1971, their social security checks averaged just over $100. Another 400,000 women were on the rolls as special beneficiaries under the 1966 provision that made benefits available to certain persons 72 and older who were not insured; December 1971 checks averaged less than $45. Effective September 1972, all benefits were raised at least 20 percent above the levels shown in this chapter. The increase for beneficiaries whose original benefits were actuarially reduced is greater than the 20 percent designated in the law.[7]

Nearly half a million persons on the social security rolls are either dependents of women beneficiaries or survivors of insured women workers. Of this group, child beneficiaries accounted for all but about 12,000 who were entitled as dependent husbands and dependent widowers.

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[7] Individuals with actuarially reduced benefits received more than the statutory increase because an across-the-board percentage increase in benefits is applied to the unreduced rather than reduced benefit, and the amount of the increase is reduced, if at all, only to take account of the beneficiary's age on the date of the increase.

TABLE 1.—Social security benefits paid to women and their dependents, December 1971

Type of beneficiary	Women beneficiaries with benefits in current-payment status			Monthly benefits paid to women [1]			
	Number (in thousands)	Percent of total	Percentage distribution	Total amount (in millions)	Percent of total	Percentage distribution	Average amount
Total	14,246	52.2	100.0	$1,418	46.4	100.0	
Women beneficiaries	13,775	[2] 59.9	96.7	1,390	[2] 50.8	98.0	$100.90
Workers [3]	6,447	41.4	45.3	738	35.4	52.0	114.40
Retired	5,975	42.9	42.0	679	36.9	47.9	113.60
Disabled	472	28.6	3.3	59	4.4	23.4	124.80
Dependents and survivors	6,924	99.8	48.6	633	99.9	44.6	91.40
Wives	3,000	99.7	21.1	198	99.7	14.0	66.00
Widows and mothers	3,924	99.9	27.5	435	99.9	30.6	110.80
Special age-72 beneficiaries	404	85.6	2.8	19	85.7	1.4	45.20
Dependents and survivors of insured women	471	4.2	3.3	28	3.0	2.0	60.40
Children	459	10.7	3.2	28	8.6	1.9	60.00
Dependent husbands and widowers	12	.2	.1	1	.1	.1	75.10

[1] Effective September 1972 benefit amounts were increased 20 percent.
[2] Calculated as percent of benefits for men and women beneficiaries.
[3] Women receiving dual benefits are counted as workers.

Aggregate payments to all types of women beneficiaries and to their dependents or survivors accounted for 46 percent of all monthly social security benefits paid in December 1971; such beneficiaries accounted for 52 percent of the total number on the rolls. The disparity reflects women's lower earnings, their more frequent claims of reduced early retirement benefits, the large number of women drawing dependents' benefits at some fraction of the amount payable to insured workers, and their preponderance among the special age-72 beneficiaries. The importance of dependents' provisions for women, both now and in the future, is suggested by the fact that during the last few years women represented 38 percent of the workers with covered earnings and the social security taxes they paid accounted for about 27 percent of the taxes collected from workers and the self-employed.

The number and composition of women receiving benefits under the social security system have changed dramatically during the past two decades. The increasing employment of women will undoubtedly bring more changes in the future. Some highlights of developments to date are reported below.

Benefits for working women.—The number of women receiving benefits as retired workers multiplied twentyfold between 1950 and 1971 (table 2), while the number of retired men beneficiaries rose less than sixfold. This reflects the larger number of women entering the rolls before age 65, but most important the steady growth since the late thirties in the labor-force participation of women—particularly married women.

More than 4 in 10 retired workers drawing social security benefits at the end of 1971 were women; they numbered 6 million. Another half a million women were drawing disabled-worker benefits; they accounted for nearly 3 in 10 among the 1.6 million workers under age

65 receiving benefits because of severe disability. The lower proportion of women receiving disability benefits reflects the fact that women less often than men have the substantial, recent work in covered employment that is required for such benefits. It seems likely also that they less often work in hazardous occupations and industries. About 60 percent of the women retirees on the rolls in December 1971, compared to barely 40 percent of the men, had elected an actuarial reduction to obtain benefits before age 65.

During the past two decades the average benefit paid to retired women represented 75–80 percent of the average paid to retired men (table 3). This ratio is considerably more favorable to women than the average earnings ratio for the sex groups,* largely because the formula for computing benefits is designed to replace a much higher proportion of the first $110 of earnings than of higher earnings.

Because the benefit amount earned by women is often very small, about 1 in 6 of the retired women at the end of 1971 was dually entitled and receiving a supplementary benefit as a wife or widow—more often as a widow. (The benefit amounts shown for retired women workers in tables 1 and 3 include these supplements.) It is estimated that the aggregate supplement in December 1971 probably accounted for roughly 5 percent of the aggregate amount recorded for retired women.

Only women workers whose own benefit is small qualify for a supplement. The monthly benefit amount of more than two-thirds of the married women who were dually entitled at the end of 1970 was at the statutory minimum or lower because of an actuarial reduction. Among widows the corresponding proportion was about

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*Average earnings of women are only about 60 percent of those of men for full-time year-round jobs and less than half of earnings when part-time jobs and irregular work are included.

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TABLE 2.—Women receiving social security benefits, by type of beneficiary, 1950–71

Type of beneficiary	Number with benefits in current-payment status at end of year (in thousands)					
	1950	1955	1960	1965	1970	1971
Total	1,305	3,418	7,251	10,198	13,257	13,775
Women worker beneficiaries	302	1,222	2,944	4,530	6,085	6,447
Retired	302	1,222	2,845	4,276	5,661	5,975
Not reduced	302	1,222	1,896	2,192	2,352	2,371
Reduced because claimed before age 65			949	2,083	3,309	3,604
Disabled			99	254	424	472
Wives of beneficiaries	508	1,182	2,331	2,795	2,943	3,000
With beneficiary child in her care	9	57	165	332	409	439
Husband retired	9	57	111	169	168	173
Husband disabled			55	164	241	266

Without children (aged 62 and over) [1]	499	1,125	2,166	2,463	2,533	2,561
Husband retired	499	1,125	2,144	2,434	2,492	2,516
Not reduced			1,373	1,116	862	826
Reduced because claimed before age 65			771	1,318	1,630	1,690
Husband disabled			22	29	42	45
Widows of insured workers	484	992	1,943	2,840	3,747	3,898
With beneficiary child in her care [2]	169	292	401	472	523	535
Without children	314	700	1,542	2,369	3,224	3,363
Aged 60 and over [3]			1,542	2,369	3,175	3,307
Disabled aged 50–62					49	57
Mothers of insured workers	12	22	33	33	27	29
Special age-72 beneficiaries					455	404

[1] Before 1956, aged 65 and over.
[2] Includes surviving divorced wives (1,586) at end of 1971.
[3] Before 1956, aged 65 and over; from 1956 to 1964, aged 62 and over.

half. The December 1971 supplement for women retirees probably averaged close to $17 if they were married and $41 if they were widowed, increasing their own benefit by 25 percent and 50 percent, respectively. According to the Social Security Administration's Survey of New Beneficiaries (1968–70), many married women claim retirement benefits at age 62 or soon thereafter while their husbands continue working. When their husbands retire, the income of the couple usually drops sharply, but her individual benefit may be increased by a supplement based on his earnings record.

Wives' and widows' benefits.—Despite the steep climb in the number of retired women beneficiaries, about half the aged women receiving benefits at the end of 1971 were entitled only on their husband's earnings records. This is testimony to the value of the social security provisions for family protection.[3] The number of wife and widow beneficiaries entitled on account of age exceeded 2.5 million and 3.3 million, respectively, at the end of 1971. The sevenfold rise over their number in 1950 is attributable to several factors: the "new start" provision, the reduction in eligibility age for benefits, and the growth in the population of aged women.

The number of younger women receiving benefits because they had entitled children in their care totaled barely 1 million in December 1971, about 1 for every 6 aged wife and widow beneficiaries. More than 530,000 of them were young widows. Perhaps another 80,000 could have received benefits if their earnings had been lower. Remarriage of some widowed mothers has been made easier because the benefits of their children continue even though hers are terminated if she remarries.

[3] The number receiving survivor benefits on the death of a working son or daughter is so small, relative to widows, that such beneficiaries are not discussed separately here.

TABLE 3.—Social security benefits paid to retired and disabled workers and to selected types of dependents, by sex, December 1971

Type of beneficiary	Number with benefits in current-payment status (in thousands)		Average monthly benefit amount	
	Women	Men	Women	Men
Retired workers	5,975	7,970	$113.60	$146.10
Full	2,371	4,897	126.20	156.40
Reduced	3,604	3,073	105.30	129.80
Disabled workers	472	1,175	124.80	155.20
Aged wives and husbands	2,561	9	69.60	64.00
Full	833	7	79.70	67.30
Reduced	1,728	2	64.60	54.90
Aged widows and widowers	3,307	3	113.60	105.10
Full	2,643	3	113.30	105.10
Reduced	664	—	114.60	—

Although children of retired workers were eligible for benefits from the beginning of the program, it was not until 1950 that the wives of retired men were made eligible for benefits for the care of entitled children. Only about 170,000 married women were receiving such a benefit at the end of 1971. Another 30,000 women could have received the benefit if it were not for their own or their husbands' earnings.

Men on the disability benefit rolls are of course more likely than retired men to have children under age 18, and consequently the young wife's benefit was relatively more important to their families. Almost one-fourth of the men receiving disability benefits (some 270,000) had wives entitled to benefits because they had children in their care who were entitled on the work record of the disabled father.

Benefits for women's dependents.—At the end of 1971, fewer than 9,000 men were drawing benefits as depend-

ent husbands (less than the number a decade earlier) and only slightly more than 3,000 dependent widowers were on the rolls. These figures are not surprising since most men who are not disabled do work and earn more than half their own support.

With children the situation is different. As 1971 ended, 460,000—or more than one-tenth of all child beneficiaries—were receiving benefits on their mother's work record (table 4). Their number had increased nearly fivefold since 1960, while the total number of children entitled on their father's record doubled.

A major portion of the increase in number of children entitled on their mother's account resulted from the 1967 provision eliminating the requirement of recent covered work for the mother. Extensions of benefits to the disabled in the late 1950's and to students in 1965 were also important.

Children of working women who died before reaching retirement age accounted for almost three-fourths of the 460,000 child beneficiaries on the rolls in December 1971; children of women entitled to disability benefits represented about one-fifth. Because women rarely bear a child after age 40, few retired women have entitled children and most of those are older than age 18 (disabled or students aged 18–21).

Child's benefits based on a mother's earnings record are perhaps most important when the children have no father. They are also very valuable, however, when her husband survives her and he must employ someone to help care for the children and the home.

Differing Effects—Some Issues

Complaints of discrimination against women appear to stem mainly from the provision that a married woman who has worked in employment covered under social security may draw a benefit at age 62 or later based

TABLE 4.—Children receiving social security benefits based on mother's earnings and men receiving such benefits as dependents of women workers, by type of beneficiary, 1950–71

Type of beneficiary	Beneficiaries with benefits in current-payment status at end of year (in thousands)					
	1950	1955	1960	1965	1970	1971
Child beneficiaries						
Number	9,986	44,881	96,264	182,603	446,320	459,396
Percent of all child beneficiaries	1.4	3.5	4.8	5.9	10.4	10.7
Entitled because of mother's[1]						
Death	9,901	44,456	80,762	130,548	398,167	336,204
Retirement	85	416	10,689	16,837	25,597	27,266
Disability[1]			4,813	35,118	82,646	95,926
Age:						
Under 18	9,986	44,881	85,761	151,062	337,716	370,967
18 and over, disabled before age 18[2]			10,503	20,132	29,605	31,474
18–21, students[3]				11,409	48,999	56,955
Men beneficiaries[4]						
Dependent husbands of women beneficiaries	797	10,063	14,737	11,507	8,937	8,649
Wife retired	797	10,063	14,526	10,997	8,413	8,132
Wife disabled			211	510	524	517
Dependent widowers of insured women workers	63	1,066	2,053	2,804	3,151	3,169

[1] First payable in 1958. [2] First payable in 1957. [3] First payable in 1965. [4] Excludes a very small number of men receiving benefits as fathers of deceased women workers. Information not available by sex of the deceased worker for father beneficiaries. Total number of father beneficiaries at end of 1970 was 1,461.

either on her own or her husband's earnings, whichever is larger, but not two full benefits. Less clearly understood but of growing concern is the allied problem that, when both husband and wife work, the couple's benefits may be somewhat smaller than if total family earnings were the same but only the husband had worked (see below). In other words, although family protection has been emphasized in the evolution of the social security provisions, the program incorporates no direct measure of family earnings and their replacement. These and related issues have been discussed in earlier reports.[10]

Benefits for working wives.—The woman's benefit based on her husband's work may be larger than her own retirement benefit because the covered earnings of women, on the average, are lower than those of men. This reflects their less regular and extended employment, their greater concentration in low-paid occupations and industries, as well as any past (if not present) discrimination in pay for the same work. Thus, in many cases the working wife receives a retirement benefit no larger than the nonworking wife may receive as a dependent. This is interpreted by some as meaning that a woman's own work and her social security contribution have brought no benefit. It ignores the fact that before reaching retirement age she had insurance protection for her dependents against loss of her own earnings due to disability or death.

Married couples' benefits and contributions.—When both husband and wife work, their combined retirement benefit varies somewhat with the relative amount earned by each. If their combined earnings are below

[10] See *Report of the 1971 Advisory Council on Social Security*, Washington, Government Printing Office, 1971; *Report of the Task Force on Social Insurance and Taxes*, to the Citizens' Advisory Council on the Status of Women, Washington, Government Printing Office, 1968; and Joseph A. Pechman, Henry J. Aaron, and Michael K. Taussig, *Social Security: Perspectives for Reform*, Washington, The Brookings Institution, 1968.

the taxable maximum for one worker (or even slightly above), the sum of the benefits to which they are entitled on their respective work records is usually smaller than 1½ times the amount to which a man with a dependent wife would be entitled if his earnings had been equal to their combined earnings.[11] This is not the case when their combined earnings are considerably above the taxable maximum for one worker. In that event, however, the couple will pay more social security taxes and get a larger benefit than if only one spouse worked and earned the same amount. Although the choice of having the husband earn as much as the combined earnings of himself and his wife is not ordinarily open to a family, the comparison nevertheless raises questions of equity.

Various proposals have been advanced to improve the retirement benefits of married couples when both spouses work. One proposal would allow each of these couples the option of having a PIA calculated on the basis of their combined earnings (up to the annual taxable maximum for one worker) with 50 percent added as the spouse's benefit and each entitled to half the sum. A form of this proposal which was considered by Congress in 1972 contains a provision applicable to couples with each spouse having had 20 years of covered employment after marriage. Unless such a provision is limited to couples with each spouse having extensive covered employment after marriage, the benefit cost would run high and administration would be complicated.

An alternative approach with particular attention to the financial difficulties of women whose marriage breaks up when they are middle-aged or younger would

[11] This situation is aggravated to the extent that a wife receiving a retirement benefit is entitled to a supplementary benefit only when her husband's earnings are at least three times as large as hers. Moreover, if the wife earns more, a husband is not entitled to a secondary benefit unless he can prove his wife had provided half his support.

credit to each spouse half of their combined earnings every year during the period of marriage. It is argued that such earnings credits would yield a better retirement benefit for women with many years of low or zero earnings, and would also help if a widow or divorcee with young children becomes disabled or dies. Provision for splitting earnings credits, however, would not generally increase the retirement benefit for the couple that continues marriage, and it would have variable effects on the retirement benefits of couples with second and third marriages of either partner.

It has also been suggested that, instead of a special provision for calculating the retirement benefits of married couples, the social security tax rate might be reduced for a working wife (or for all women). Or, alternatively, some payment in excess of her own retirement benefit might be guaranteed every working wife.

Such provisions have a cost which would have to be met by tax increases for all covered workers, including those without dependents. Furthermore, all raise questions of equity in relation to the situation of the single worker.

Noncoverage of homemaking activities.—Some women are concerned that their work at home—housekeeping activities and the care of children and of older family members who are ill or disabled—is not considered employment for social security purposes. Some in the women's liberation movement believe that this attitude denigrates such activities and results in an unfavorable image of what had traditionally been considered "women's work." More important, lack of coverage means there is no benefit to help meet the real cost of providing substitute homemaking and child care services in the event of the woman's death or severe disability.

Concerning benefits earned, the time spent in home-care activities by women who work for pay during part of their lives does diminish the size of the retirement benefit to which their own earnings record entitles them. Moreover, if the young housewife becomes disabled or dies, her covered employment may not be sufficient to entitle her to disability benefits or her children to survivor benefits. Questions concerning the value to be imputed to unpaid work and, again, who should pay the "contribution" or the cost of such credits have been discussed but with many conflicting answers.

Entitlement of men dependents.—The entitlement provisions for spouses differ by sex. A wife or widow who is not entitled to a retirement benefit on her own work record is automatically entitled to a benefit on her husband's earnings record when she meets age and other criteria. A husband or aged widower, on the other hand, is entitled to a benefit on the basis of his wife's earnings only if he was dependent on her for half of his support. A widower with entitled children in his care, unlike the widowed mother, is not himself entitled to a benefit for himself. Neither a divorced husband nor a surviving divorced husband aged 62 and over has even a qualified right to a type of benefit a divorced wife or surviving divorced wife may receive. Up to now, it has not seemed reasonable to most people either to assume that men generally are dependent on their wives or to require a test of dependency for wives or widows.

Earnings replacement and taxes.—Certain other features of OASDHI, particularly the benefit calculation and the ceiling on taxable earnings, likewise appear to have an uneven impact on men and women workers. Any such differences, however, result not from differentiation between the sexes in the details or application of these provisions but from the operation of economic and demographic factors.

Thus, individual retirement benefits replace a larger share of covered earnings for women than for men. The benefit formula is the same for both sexes and is weighted to replace proportionately more of low than of higher covered earnings. The higher replacement occurs, therefore, both because women earn less than men on the average and because women live about 4 years longer.

To the extent that men are more likely than women to have earnings above the taxable maximum, the man's benefit (apart from any benefit going to his wife) replaces a smaller fraction of total preretirement earnings than does the woman's. It follows also that social security taxes represent a smaller proportion of total earnings (covered plus noncovered) for men than for women.

Summary

Social insurance has an uneven impact upon women and men. In part the differences result from economic and demographic factors outside the social security system—such as women's lower earnings and longer life expectancy. In part also, they result from the diversity of women's roles as workers, wives, widows, and mothers.

Over the years, OASDHI's evolution has been significantly influenced by the necessity to accommodate these diverse and changing needs. The concept that a man is responsible for the support of his wife and children led to the creation of a broad structure of social security family protection. At the same time, the steady growth of labor-force participation by women, particularly married women, has been reflected in a phenomenal growth in the number of women entitled to benefits on the basis of their own earnings records. Complaints that

the OASDHI system discriminates against women have proliferated as a result of this growth.

Various proposals have been advanced to relate the retirement benefits of married couples to their combined earnings. Whatever the form of such a provision, its costs would most likely have to be met by tax increases on all covered workers, including those without dependents. Other suggestions reflect the concern that family care and housekeeping activities performed by women are not considered employment for social security purposes. Consideration of alternative proposals for modifying the program are but part of the continuing assessment of social security in the United States.

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